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Daily Report

East Asia

FBIS-EAS-96-105
Thursday
30 May 1996

Daily Report
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Japan

Japan: Hashimoto 'Anxious' Over Opposition to Futenma Transfer

OW3005020596 Naha RYUKYU SHIMPO in Japanese 29 May 96 Evening Edition p 1

[FBIS Translated Text] On the morning of 29 May, Prime Minister Ryutaro Hashimoto expressed anxiety over Yomitan Village's opposition to building a new heliport in exchange for the return of the Marine Corps Air Station [MCAS] Futenma, and said: "The Government cannot negotiate (with the United States) if the transfer plan cannot be accepted."

When Japan and the United States reached an accord on the return of MCAS Futenma, Governor Ota Masahide promised over the phone to provide cooperation. While pointing this out, the prime minister said: "In stating his understanding of the plan to relocate the air station within the prefecture, what did he have in mind? I don't think he can (instantly) answer: 'It's alright, and please go ahead.' However, I think Governor Ota regards the plan as a step forward."

Japan: Tokyo To Send Instructions to Ota After Elections

OW3005095896 Naha RYUKYU SHIMPO in Japanese 30 May 96 Morning Edition p 2

[FBIS Translated Text] On 31 May, the Okinawa Prefectural Assembly election will officially begin. In this connection, the central government firmed up its plan on 29 May to postpone until after the election its instructions for Okinawa Governor Masahide Ota on carrying out the duty of publicizing and circulating the necessary documents for the compulsory use of the land housing the U.S. Forces' Sobe communications site.

Ota has hinted the possibility of his carrying out the duty, saying: "Objectively speaking, circumstance have changed (from the time I refused proxy signing)." However, he plans to hold off making a decision until he sees the outcome of the election. The central government has determined that "the governor will be unable to decide until he sees the election results because if he were to announce whether or not he intends to carry out the duty [of publicizing and circulating the documents necessary for the compulsory use of the land] before the election is over, it would become a major point of issue in the election" (according to a source close to the Defense Facilities Administration Agency). Therefore, the central government has decided it should not take the trouble to rush into notifying the governor.

The central government has welcomed the cooperative stance that Governor Ota has shown since Japan and the United States reached an agreement on the complete return of U.S. Marine Corps Air Station, Futenma. Since it hopes to promote the base return process in Okinawa while the tide is flowing favorably, the central government is concerned that military base problems could become a point of issue in the local election.

On the evening of the same day, a government source said: "I will not say that it (the outcome of the prefectural assembly election) will not have any impact, but military base problems are not the only problems that either the ruling parties or opposition parties should be concerned with. What is necessary is everybody's understanding of these problems."

Japan: Many Shinshinto Members Oppose Collective Self-Defense

OW3005082196 Tokyo KYODO in English 0718 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — More than half of Shinshinto (New Frontier Party) lawmakers surveyed in an in-house opinion poll see collective self-defense as unconstitutional, Japan's largest opposition party said Thursday [30 May].

The poll shows 101 lawmakers or 62.3 percent of respondents are against the collective self-defense concept as a violation of the war-renouncing Constitution, while 40 of them, or 24.7 percent, believe it is acceptable.

Of the 228 Shinshinto members of both houses of the Diet, 162 members responded to the survey.

Asked in a multiple choice question about ways to make the concept viable, 91 lawmakers opted for revision of the Constitution, 34 favored a change in interpretation of the Constitution and 29 advocated new legislation.

As for participation in U.N. military operations, 75 legislators thought Japan can fully participate in such operations under the Constitution, 48 favored logistics support and other limited participation, and 21 said it was completely against the Constitution.

Asked about participation in multilateral forces in case of a Persian Gulf war-type conflict, 80 members said Japan could participate in logistics support and other limited forms, while 38 supported full participation.

Of the 162 respondents, 144 expressed support for early enactment of legislation to allow the Self-Defense Forces to deal effectively with future contingencies.

Japan: Examination of U.S. Base Archaeological Sites Viewed

OW2905141296 Tokyo ASAHI SHIMBUN in Japanese 28 May 96 Morning Edition p 1

[FBIS Translated Text] A 27 May ASAHI SHIMBUN survey found that there are as many as 108 culturally important sites on U.S. bases on Okinawa, and that most of them are left unstudied and face the danger of demolition. Because the right of management for these sites resides with the U.S. Forces under the Japan-U.S. Status of Forces Agreement, Japan's Cultural Properties Protection Law is technically not applicable to them. In January, a habitation site from the late Jomon Period (the era of some 3,000 years ago) in Katsuren-cho was demolished during the construction of a radar installation. Fearing that "if nothing is done, these precious sites may be demolished without being studied," the Okinawa Prefectural Government has decided to conduct archaeological examinations at all U.S. military facilities, which occupy more than 10 percent of the prefecture's land area.

According to the ASAHI SHIMBUN survey of all Okinawa municipalities, there are 1,121 archaeological sites in 25 cities and towns that are home to U.S. bases. Of them, at least 108 are inside U.S. bases. The numbers are different in the prefectural board of education's 1977 "map of Okinawa's archaeological sites," which says such sites in these municipalities number 309, of which 16 are inside military bases. After the board issued the map, the research of such sites progressed with the advancement of Okinawa's development through public works projects, which entailed the examination of some archaeological sites within entry-restricted U.S. bases.

From 1981 to 1982, as many as 60 pieces of earthenware from about 7,200 years ago were found at the Noguni shell heaps on Kadena Air Base (in Kadena-cho). The finding proved that Okinawa's earthenware production began at the same time as the production in mainland Japan. It was said that the discovery "may lead to the rewriting of textbooks on Japan's ancient history." At that time, the prefectural office made a request to the U.S. Forces for more extensive studies of the heaps, but it was turned down.

Inside the Naha Military Port (in Naha City), there is a food store house and a house to keep the lords' belongings, both of which are said to have been built in the 14th or 15th century. Their crumbling rock walls have been left unrestored. Meanwhile, the Ukibaru site in Katsuren-cho and the Torishima shell heap in Gushikawa-son are occupied by live-fire training exercise facilities.

Except for works conducted with Japan's "omoiyari budget [the most generous financial host-nation support]," construction works at U.S. military installations are not subject to the Cultural Properties Protection Law. Moreover, the U.S. military is not responsible for surveying archaeological sites inside the bases.

The prefecture's education office hopes to conduct a "field investigation," in which archaeology experts will travel through more than 24,500 hectares of the vast military-occupied land to see if there are any undiscovered sites and excavate where pieces of earthenware have been found. It is expected to take three to five years to complete the research.

The prefectural government has already informed the Cultural Affairs Agency of the research plan. It intends to appropriate funds for the investigation in a supplementary budget plan to be submitted to the prefectural assembly in September.

The U.S. Forces have been cooperative in dealing with the issue of such sites since it was found that the Heshikiya-Agaribaru site at White Beach in Katsuren-cho had been demolished. Thus, the prefectural government thinks: "Our request for the research may be accepted."

Japan: MITI on U.S., Europe, Indonesia Trade Issues

OW3005104996 (Internet) Japan Economic Foundation WWW in English 27 May 96

[News conference by Yoshihiro Sakamoto, international trade and industry deputy vice-minister, with unidentified reporters at the International Trade and Industry Ministry's International Conference Room at 0205-0309 GMT on 27 May; from the "What's New" link]

[FBIS Transcribed Text] [Topics of discussion] I. Introduction of the speaker and briefing status

II. Meeting of the Organization for Economic Cooperation and Development (OECD) Council at Ministerial Level in Paris

III. Asia-Pacific Economic Cooperation (APEC) Senior Officials Meeting (SOM) in Cebu and upcoming APEC Economic Leaders Meeting in the Republic of the Philippines

IV. Japan-U.S. semiconductor issues

V. Possibility of government-to-government talks on semiconductors

VI. Communique of the OECD Council at Ministerial Level and APEC activities related to food issues

VII. Indonesia's national car concept and Japan's stance on the U.S. position regarding the level of protection of intellectual property rights in the People's Republic of China

VIII. Japan's position on resolution of Japan-U.S. trade issues

MITI Press Conference Transcript

27 May 1996

This provisional transcript is based on the professional interpretation into English of the speaker's remarks, which were made in Japanese.

I. Introduction of the Speaker and Briefing Status

Moderator: Good morning, ladies and gentlemen. We would now like to convene the news conference of Vice-Minister for International Affairs Yoshihiro Sakamoto of the Ministry of International Trade and Industry. Today's briefing will be conducted in Japanese, with consecutive English translation. Today's briefing will be on-the-record; thus, you will be able to quote the remarks of Vice-Minister Sakamoto using his name and title. First of all, Vice-Minister Sakamoto would like to make a few remarks, to be followed by a question and answer session. Before asking your question, we would like to ask you to identify yourself by stating your name and affiliation, please.

II. Meeting of the Organisation for Economic Co-operation and Development (OECD) Council at Ministerial Level in Paris

Vice-Minister for International Affairs Yoshihiro Sakamoto: Good morning, ladies and gentlemen. Today, I would like to briefly talk about, first of all, the Meeting of the OECD Council at Ministerial Level held last week, then the APEC Senior Officials Meeting (SOM) meeting, and then, the Japan-U.S. semiconductor issue. After my remarks, you are welcome to ask me questions. Our first topic is the Meeting of the OECD Council at Ministerial Level which was held last week in Paris, where various countries' ministers participated. One of the themes taken up during the Meeting was promotion of growth and employment and structural reform, as well as strengthening the multilateral system. First of all, there was an agreement reached on the necessity to further liberalize trade and investment in response to globalization, as well as to resolve employment issues, which is a matter of economic structural reform. Also, with regard to the topic of economic structural reform, it was mentioned that it was not only important to take trans-boundary measures, but would be important likewise to have the promotion of regulatory reform in respective countries; and in that vein, the work underway in the OECD in this respect will be supportive. Also, the strong will toward maintaining the multilateral trading system was confirmed, and also that each country should take efforts so that concrete results can be attained at the time of the WTO Ministerial Conference to be held toward the end of this year in Singapore. With regard to trade, it was agreed that examination should start at the WTO regarding the issue of investment.

III. Asia-Pacific Economic Cooperation (APEC) Senior Officials Meeting (SOM) in Cebu and Upcoming APEC Economic Leaders Meeting in the Republic of the Philippines

Vice-Minister for International Affairs Yoshihiro Sakamoto: I have thus far outlined for you the major points about the Meeting of the OECD Council at Ministerial Level. Now let me go on to describe to you very briefly the APEC SOM meeting, held in Cebu last week from 22-25 May. This year, in November, the APEC Economic Leaders Meeting will be held in Subic in the Republic of the Philippines. The major mission for this year's meeting is to have each country submit its Action Plan, which serves to put into concrete terms the Action Agenda adopted at the Osaka APEC Meeting last year. So, that submission of the Action Plan by each country makes up the major mission to be accomplished at the Subic APEC Economic Leaders Meeting. At the SOM held in Cebu, all of the 18 participating economies have submitted their respective individual Action Plans. That is based on the policy adopted at the time of the Osaka Meetings it was decided to start the consultation process on an individual country-specific basis, based respectively on their individual Action Plans. Out of the long-term topics which were adopted at the Osaka Meeting, the food issue was taken up, on which Japan and Australia will be serving as co-chairs leading a task force on food, where topics related to food will be discussed. As for a new element, the Philippines has been advocating a slogan or theme, which says "APEC means business"; thus, here and there, many sentiments have been expressed which called for having stronger ties between APEC's activities and the interests of the private sector. Also, I would like to inform you about the fact that discussion has started to deal with more active approaches by APEC vis-a-vis development cooperation. Of course, APEC's activities and the related thought on them began revolving around the concept that economic activities in this part of the world need to be further promoted, and in that vein, as much as possible, we need to see liberalization as well as facilitation. Thus, in order to make that possible, economic conditions will be made conducive to that, and for that matter, economic and technical cooperation will be needed. Thus, it is only natural that this cooperation aspect forms one of the two important pillars constituting the thought of APEC. Thus, this topic was also taken up during the discussion.

In relation to a MITI-related matter vis-a-vis APEC, upcoming in July, the APEC Trade Ministers meeting will be held in New Zealand, and also, as was mentioned to you earlier, there will be a WTO Ministerial Conference in Singapore, which has, of course, no direct relationship to APEC; but there is a recognition and firm belief that APEC should, as a region, contribute to these matters as well, and needs to deal actively with trade and economic activities throughout the world. That sort of recognition forms the basis.

IV. Japan-U.S. Semiconductor Issues

Vice-Minister for International Affairs Yoshihiro Sakamoto: Thirdly, I would like to briefly comment about the semiconductor issues. As you may know, at the end of July, the Japan-U.S. Semiconductor Arrangement will expire, and to discuss what the shape will be in that sector after the expiration of the Arrangement, for the past 2-3 months talks have been held on an industry-basis between Japan and the United States. Top-level meetings have been held concretely involving the Electronic Industries Association of Japan (EIAJ) and the Semiconductor Industry Association of America (SIAA). For the past ten years or so, between the Japanese and U.S. semiconductor industries, in various different ways, the inter-company cooperation has been maintained, and the further maintenance of such cooperative relationship has been agreed upon, as I heard, between the Japanese and U.S. industries in this sector. However, with regard to how the industries should be cooperating after the expiration of the Arrangement, in concrete terms, I recognize that not much sufficient discussion has been held on the details yet. That is to say, what will be the content and the substance of the cooperation in details after the expiration of the Arrangement, new areas that can be discussed or cooperated in those details have not been sufficiently discussed yet, I have heard. In the context of cooperation between the industries, whether there is a necessity to have the involvement of both countries' governments or not, or when this is called for, in what way such involvement should take place I understand that the Japanese and U.S. industries do have a gap in their views with regard to these items. I expect that soon both industries will discuss again. That being the case, during last week in Paris, since both of us were there on the occasion of the OECD Council, Ambassador Shapiro and I had an informal exchange of views. My meeting with Ambassador Shapiro was to discuss how the Governments of Japan and the United States would be assessing the talks which have been taking place on the industry-to-industry basis so far. Thus, we just had an exchange of views respectively on that topic. So, my meeting with Ambassador Shapiro does not mark in any way the start of a government-to-government level consultation. It is just that both of us have exchanged views as to how both of our sides were respectively assessing the talks which have been taking place on an industry-to-industry basis so far, and the meeting we had was an informal one. Taking into consideration the industry-to- industry talks which have been underway so far, I think it is not a topic which requires government-to-government level consultation. I am terribly sorry, but since we made a commitment to the U.S. Government that I would not be commenting at all on the substance of that meeting, I will not be able to refer to the substance of the meeting today. But, as far as the position of the Japanese Government is concerned, as has been mentioned by Minister for International Trade and Industry Shunpei Tsukahara our position is to watch what happens in the industry-to-industry approach vis-a-vis how their relationship should evolve after the expiration of the arrangement. So, to watch what will happen will be the basic position of the Japanese Government.

Also, in Paris, in relation to this, there was a meeting held between Minister Tsukahara and Vice-President of the European Commission Sir Leon Brittan. The European Union does have an extremely high interest in the topic of the semiconductor issues between Japan and the United States. In fact, there strong interest was shown recently to us three times at the occasion of the Quadrilateral Trade Ministers Meeting in Kobe, as well as at the time of early May, when Sir Leon led the European industry mission here to Japan, as well as on the occasion of last week's Meeting of the OECD Council at Ministerial Level. Also, strong interest has been shown by a European industry association on this matter, the European semiconductor industry association called EECA, as well as their major members. Already, several times, industry-to-industry meetings have been held between European and Japanese semiconductor industries. My basic understanding of the thought that Sir Leon has on this matter would be as follows, judging on remarks he has made over several occasions in the past. The first issue regarding the world semiconductor issue is whether industry-to-industry cooperation should be held or not. The first issue is whether that type of cooperation should take place, and if so, in what form. All of these issues, according to Sir Leon, should be rendered to the judgments made by the members of the private sector themselves. The second position taken by Sir Leon is that he opposes something like a managed-trade type of approach, which calls for either government involvement or intervention in the market trend or market formation. If government-to-government discussion should take place in any way in this area, then it is the view of Sir Leon that government should take up the issues which are inherent to government namely, issues related to institutions or systems. But, in any case, he has been mentioning that a trilateral type of participation would be necessary namely, Japan, the U.S. and Europe after the expiration of the Japan-U.S. Semiconductor Arrangement. That is to say whatever is to follow, in terms of industry-to-industry or government-to-government a trilateral involvement would be necessary, according to Sir Leon.

In terms of the Information Technology Agreement (ITA) which is being negotiated mainly between the U.S. and Europe at the moment, I see that there is a strong linkage recognized between the further tariff reduction of semiconductors and other related electronic parts with industrial cooperation in the semiconductor sector. I have thus far outlined for you the issues related to semiconductors. I am afraid I have spent, perhaps, too much time in my opening remarks; but I have just covered three themes. With regard to the themes that I have just covered, as well as with regard to other items that you may have interest in, you are welcome to ask any questions which you may have. I would be grateful if you could adjourn this meeting by 12:00.

V. Possibility of Government-To-Government Talks on Semiconductors

Q: Regarding your position on semiconductors you said Japan's position is to wait and see how the industry-to-industry talks go before deciding what to do next. Does that allow for the possibility, then, of government-to-government negotiations? It seemed like, until now, your position has been: We won't have any government negotiations. Now it seems like you are saying: We'll wait and see what happens in the industry. Does that mean there is a possibility that you will have government talks? Or, is that just a way of stalling until the deadline is passed?

Vice-Minister for International Affairs Yoshihiro Sakamoto: I have to really make the point that, in the past, we have never said, with regard to the semiconductor issue, that there would be no negotiations whatsoever, or no government-to-government talks whatsoever in this area. However, what is important is to see, first of all, what type of cooperation will be possible on the industry-to-industry level, which would be in line with the present situation of the prevailing new world semiconductor industry. We believe the decision to be made on the industry-to-industry basis would be the first thing that we have to see. Otherwise, it would be nonsense, in my view, as we have been saying continuously, to have government-to-government talks to talk about how, where, or when government intervention would be necessary or should be made. Thus, one foundation for cooperative activities to be unfolded on an industry-to-industry basis can be discussed in the industry-to-industry talks. Then, although I recognize very solidly that there still exists a very wide gap between the views of the Japanese and U.S. Governments on how the governments should be involved after such an industrial foundation has been laid down, we have no intention of avoiding talks on this with the U.S. Government. There was a mention about the possibility of us just stalling for time. But, with regard to this very important issue, we don't recognize the situation to be that soft; it is not the case that we will just remain idle until the end of July and then just see the expiration of the Arrangement and judge at that time that everything has been completed and over with. How ever good a container or vessel is prepared by a very distinguished framework provided by Government, it means nothing, and it would be very odd if we just opened the lid of that container and saw nothing the vessel being empty, speaking about the non-substance of the industry-to-industry cooperation. So, that is the odd situation which we should avoid seeing. It is just like talking about a wedding reception where go between have been officially set, the wedding date, the wedding venue, as well as guest lists have been completely prepared, but when you arrive at the scene you see no bride or groom present. That is the situation we should avoid ever having, and we would not like to have such a situation.

Q: In that case, what likelihood is there of reaching some sort of industry-to-industry agreement in time for the two governments to then discuss that? There is not much time left.

Vice-Minister for International Affairs Yoshihiro Sakamoto: Of course, nothing has been decided yet as to the concrete form that would involve. But I have been repeatedly saying this, although my remarks may overlap with the previous response I have given. First of all, the U.S. industry has informed that they would like to postpone the meeting between the SIAA and EIAJ which was originally scheduled to be held sometime in the middle of June. So, I am under the impression that it might be that the U.S. industry is not necessarily being that enthusiastic about continuing the industry-to-industry talks. Of course, it is up to the freedom of the U.S. industry to decide how they will approach this issue. However, if that situation were to continue, then, it might be that the industry-to-industry relationship might just disappear eventually, and that type of perception is really more and more prevalent within the Japanese specific individual businesses in this industry. By way of fact, may I point that there is a notion prevalent within Japanese specific businesses saying that what they are having in terms of their individual business level is good enough that, as long as they can continue to have such individual specific-company-level business transactions, then, the continuation of that would be sufficient. However, I would like to mention to you that I hope that talks would continue, and that industry would be able to add substance to the cooperation that industry-to-industry can have in concrete terms in this industry. There is nothing more that I can say at this time.

VI. Communique of the OECD Council at Ministerial Level and APEC Activities Related to Food Issues

Q: I would like to ask two questions, if I may. The first one, relating to OECD, on page 7 paragraph 13 of the Communique, it is mentioned that the OECD has established dialogue with a number of emerging economies. Can you just remind which Asian economies the OECD is in dialogue with? In the paragraph above that, it refers to remaining selective and maintaining high standards OECD has always had certain elementary standards, so what is this talking about? Is it talking about things like observance of human rights, or observance of core labor standards in the perspective of the members of OECD? The second question is on APEC. You mentioned the task force on food you said Japan and Australia are leading that. Could you tell us a bit more about that? What is it looking at? Is it looking at security of supply, perhaps, or the possible exclusion of certain sensitive areas from APEC's trade and liberalization targets?

Vice-Minister for International Affairs Yoshihiro Sakamoto: About your first question on the OECD Communique with which countries in Asia dialogue will be held, between OECD countries and emerging and dynamic market economies. Already dialogue has started with Hong Kong, the Republic of Korea, Singapore, and so on, and we are to maintain such a dialogue. Your second question, about these standards appearing in the preceding paragraph these "standards" does not speak about human rights, but rather, talks about the maintenance of the liberalization level in the area of trade and investment. Regarding the task force on food this task force is to deal with how food issues should be handled within this region, and all aspects of the issue will be dealt with from the medium- to long-term perspective, reflecting its relationship with environment, energy and population. But the main intention of that task force is not to block in any way the liberalization process.

VII. Indonesia's National Car Concept and Japan's Stance on the U.S. Position Regarding the Level of Protection of Intellectual Property Rights in the People's Republic of China

Q: The Indonesian officials came out of the weekend saying they will not change their preferential tax system for their car industry. I know this is of some concern to Japanese automakers, and there are negotiations already between MITI and your Indonesian counterparts. Is Japan preparing to take this problem to the WTO? That is the first question, and the second question is: Does MITI believe that American companies have legitimate complaints regarding patent and intellectual property right protection in China? If so, why is MITI not coming out in a stronger, more vocal way to support the American position?

Vice-Minister for International Affairs Yoshihiro Sakamoto: With regard to Indonesia's national car concept, it has been agreed upon on a government-to-government basis that we are to have bilateral consultations on this matter. In fact, the first working-level consultation has been held already, and on the ministerial level as well, our concern that this might be inconsistent with WTO rules has already been conveyed. Now, the Indonesian Government has been offering to us the holding of a second bilateral consultation on this topic, and in preparation for having the second bilateral consultation, we are now mutually working out the time schedule for the next meeting. Your second question was pertaining to the intellectual property negotiation going on between the United States and China. Last year, negotiation was held between the two on intellectual property; what was decided then, and whether that agreed item has been implemented and fulfilled as promised these things need to be seen. In my view, the commitment made as well as its fulfillment are the main points of this issue. In this sense, this remains a bilateral issue between the U.S. and China, but we will regard developments with great interest. On the other hand, there are a number of cases in fact emerging in China involving counterfeited brand goods, which also concern Japanese businesses. When I was in Beijing, at the end of April this year I think, I also conveyed Japan's strong concern over this counterfeiting matter to our counterparts at the Department of Economy and Trade in China.

VIII. Japan's Position on Resolution of Japan-U.S. Trade Issues

Q: We have over the next couple months three major deadlines coming up over trade issues semiconductors, the film issue, and also, insurance. Isn't the Japanese Government worried that if all three of these issues fail to make significant progress, that Japan could become an issue in the U.S. election? If not, why not?

Vice-Minister for International Affairs Yoshihiro Sakamoto: Since my responsibility does not cover insurance, I will not be commenting on that. But with regard to film, as you may know, the Japan Fair Trade Commission (JFTC) has been making surveys and studies into the market. Also, with regard to semiconductors, as I have mentioned to you, already our position has been explained to you. I do not have sufficient knowledge as to what may develop in the U.S. political scene, but the Japanese Government position remains the same in the respect that each issue should be resolved by appropriately applying means and measures suitable for each issue. That remains the same. Thus, the style of resolving each issue might be different from one issue to another, but I am of the view that appropriate means and measures should be used to resolve the issues of semiconductors and film.

Moderator: At this time we would like to conclude the briefing. Thank you for your time.

Japan: Trade Group Calls For Government Role in Chip Pact

OW3005092796 Tokyo KYODO in English 0903 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japanese semiconductor makers will have to accept government involvement, if necessary, in a partnership arrangement they are negotiating with their U.S. counterparts, the head of the Japanese microchip trade group said Thursday [30 May].

"Government involvement will be asked for if it is really necessary," Norio Oga, chairman of the Electronic Industries Association of Japan (EIAJ), said at a news conference.

Oga, who is also chairman of Sony Corp., said the EIAJ and the U.S. Semiconductor Industry Association (SIA) agree the new arrangement should last for only around three years as a transitional step before completely eliminating bilateral microchip accords.

"The U.S. is asking for the transitional arrangement this one time," Oga said, noting the framework will be reduced to technical cooperation programs and seminars in the future.

The EIAJ and the SIA are negotiating the private-sector partnership arrangement to break the government-level impasse over the 1991 Japan-U.S. microchip agreement that expires July 31.

While Washington wants to renew the accord, Tokyo says it should be allowed to expire as scheduled, arguing that no more government involvement is necessary in the Japanese microchip market, where the foreign presence is steadily growing.

Oga and SIA chairman Pat Weber, however, could not strike an agreement when they met in Hawaii in February and April, mainly because they were divided over whether their governments should become involved in the private-sector arrangement.

"The U.S. argues for slight government involvement in the transitional period," Oga said.

The Japanese side maintains no such involvement is necessary. But Oga said at the news conference that some degree of government involvement "could not be helped.".

Japanese and U.S. chip makers may need their governments to act as observers under their new arrangement, since they could violate antitrust laws in their countries if, for instance, they talk about market share without government mediation, industry sources said.

The SIA made a set of proposals for the planned partnership in the April round of talks and the EIAJ is to send its written response to the proposals Saturday.

The two sides will meet again after the SIA examines the Japanese response, though no date for the meeting has been fixed, according to Oga.

Japan: Ministry Official on Satellite Phone Reciprocity

OW3005043496 Tokyo KYODO in English 0409 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan will urge the United States to give up a proposed reciprocity requirement in granting applications by foreign satellite-linked mobile phone operators to provide services in the U.S., a Posts Ministry Official said Thursday [30 May].

The reciprocity rule was proposed by the Washington-based Federal Communications Commission (FCC) on May 9, said the official at the Posts and Telecommunications Ministry's Aeronautical and Maritime Communications Division.

It calls for permitting non-U.S. providers to operate to, from and within the United States only if U.S. satellite-linked mobile phone service providers are allowed to provide similar services in the home markets of the applicants.

The FCC said the proposed rule will encourage foreign governments to open their communications markets and enhance competition in the global satellite service market.

It proposed subjecting foreign providers to an "effective competitive opportunities for satellites" or "Eco-sat" test to evaluate whether the entry of a non-U.S. satellite-based mobile phone service provider will promote competition in the U.S.

Under the test formula, the FCC will authorize the entry of such foreign operators if it determines there are no barriers that prevent U.S. counterparts from providing similar services in the home or markets of the non-U.S. operators.

Satellite-linked mobile phone service allows users to talk with anyone in any part of the world, according to the promoters.

At present, Iridium Inc., a 17-company multinational concern led by Motorola Inc. of the United States, and its five main rivals — Global Star, Odyssey, Orbcomm, Teledesic, and Ico-P — are preparing to apply for ministry permission to provide such service in Japan.

Iridium is to start the service in October 1998. It has set up in Japan a joint venture, Nippon Iridium Corp.

The official said the proposed imposition of the Eco-sat test may chiefly target Ico-P, another multinational concern set up by International Marine Satellite Organization (Inmarsat), KDD of Japan, Communications Satellite Corp. (Comsat) of the U.S., Dete Mobil of Germany and other companies.

If Ico-P is barred from the U.S. market, it will reduce the attraction of the Ico-P services sharply, he said.

Japan: Kubo: Insurance Talks Resolution by 1 Jun Deadline

OW2905120196 Hong Kong AFP in English
1146 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 (AFP) — Japanese Minister of Finance Wataru Kubo said Wednesday [29 May] that talks aimed at resolving a Japanese-US insurance dispute should lead to a resolution by the June 1 deadline agreed by both sides.

Kubo told reporters that the two countries would make efforts at the vice ministerial-level talks scheduled for Wednesday and Thursday to meet the deadline, which is "still effective."

US and Japanese negotiators opened a fresh round of talks in Washington this week as their last-ditch effort to conclude the negotiations by weekend over deregulation of the Japanese insurance market.

The two sides are divided on whether life and non-life subsidiaries of Japanese insurance companies should be allowed to enter the "third sector," which covers accidents and long-term illness and where foreign firms are already strong. The United States insists that Japanese subsidiaries should not be allowed to sell "third sector" policies until the country's primary life and non-life sectors have been fully opened to foreign competition.

Japan: Official: 1 Jun Insurance Pact With U.S. 'Difficult'

OW3005090896 Tokyo KYODO in English
0853 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan and the United States will find it difficult to strike a deal in their insurance dispute by their self-imposed deadline of June 1, a finance ministry official said Thursday [30 May].

The two countries were unable to resolve the dispute at their talks in Washington on Tuesday and Wednesday.

"The talks failed to produce sufficient progress. Under the current circumstances, the two countries are not in a position to hold another round of negotiations to seek an agreement before the deadline," the official said.

The two countries, however, will continue trying to settle the dispute over liberalization measures to be taken by Japan under its 1994 accord with the U.S.

The two countries will schedule a meeting anytime "if it can be effective and necessary," he said.

At the center of the insurance dispute is the degree to which Japanese life and nonlife insurance companies should be allowed to handle so-called "third-sector" products under the 1994 accord.

Under Japan's new insurance law, which took effect April 1, life and nonlife insurance companies will advance into each other's turf through subsidiaries.

The third sector covers sickness, accident and nursing insurance products, areas where foreign companies are said to have an edge over their Japanese competitors.

Japanese insurers are to make formal decisions on whether to set up subsidiaries at general shareholders' meetings and board meetings scheduled for early July.

The deadline was temporarily set at June 1 to allow the two countries latitude in negotiations. Japan must reach a final conclusion on the issue by late June to have Japanese insurers go ahead with procedures necessary for creating subsidiaries.

According to ministry officials, the two countries narrowed their difference down to two major issues in the Washington talks. But they remain "wide apart" on those issues, and have not yet set a date for a next meeting, the officials said.

With respect to the "new and expanded introduction of products" in the third sector, the insurance accord calls for special measures to "avoid any radical change" in the business environment until foreign providers can compete on equal terms in the primary life and nonlife insurance markets.

The U.S. has proposed the Japanese subsidiaries be allowed to handle third-sector products after Japanese liberalization of the primary markets are confirmed through a one-year monitoring period.

Washington has also proposed as a measure to avoid radical changes that sales of accident insurance products by the subsidiaries should only be allowed three years after the monitoring period.

Japan has rejected the U.S. call for the monitoring period, saying it would lead to the introduction of numerical targets.

It has also argued that accident products are already handled by existing nonlife insurers and do not amount to expanded introduction of products under the accord.

Japan: Official on Outcome of Insurance Talks With U.S.

OW3005021596 Tokyo KYODO in English 0140 GMT 30 May 96

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, May 29 KYODO - Japan and the United States failed to resolve a bilateral insurance dispute but narrowed their differences down to two major issues in talks which ended Wednesday [29 May] in Washington, Japanese officials said.

The two sides will shortly announce a schedule for further talks ahead of the Saturday deadline for resolving their differences over implementation of a 1994 insurance agreement, the officials said.

"The session was constructive, and we were able to narrow down differences," Haruhiko Kuroda, deputy director general of the Japanese Finance Ministry's International Finance Bureau, told reporters after the two days of talks.

"With the differences remaining wide, however, we were not able to reach an agreement," said Kuroda, who led the Japanese negotiation team.

The U.S. team was led by Deputy Assistant U.S. Trade Representative James Southwick.

U.S. officials were not available to comment on the two-day talks.

But Kuroda noted, "the two sides agreed to take further efforts to resolve the dispute by the June 1 deadline."

A Japanese official, speaking on condition of anonymity, said the two thorniest remaining issues are whether to allow subsidiaries of major Japanese life and nonlife insurers access to accident insurance, and the recent U.S. proposal for a one-year monitoring period on Japan's proposals for deregulating the two primary life and nonlife insurance markets.

"The two sides acknowledge that the two issues have become the major points," the official said. "All other issues are minor."

In the insurance dispute, the two nations have been at odds over the scope of so-called "third-sector" products to be handled by Japanese life and nonlife insurance companies through subsidiaries they are allowed to establish to enter each other's turf under a new Japanese insurance law that went into effect April 1.

Under the 1994 accord, Japan is to take such special measures in the third sector as banning the subsidiaries from introducing new or expanded products to avoid any radical change for a "reasonable period" after the two primary life and nonlife insurance sectors are liberalized.

Although the period is not specified in the agreement, the two nations have acknowledged it as two to three years.

The third sector covers sickness, accident, nursing-care and other products that are in a gray zone between primary life and nonlife insurance benefits.

Foreign insurers virtually dominate the third sector in Japan, with major Japanese life and nonlife insurers not allowed to enter the most lucrative portions of the market such as insurance for cancer and many other diseases.

The Japanese official said the Tokyo side rejected the U.S.-proposed monitoring period, arguing that it was not included in the original agreement.

Japan has said the monitoring plan is like a "blank check" giving the U.S. unlimited authority to determine when to end the special measures, and is "far worse than numerical targets."

With the monitoring period, U.S. officials have said Washington wants to ensure that Japan proceeds with its commitments to deregulate the primary life and nonlife sectors.

The Japanese official said the U.S. side was particularly referring to Japan's proposal that it issue a statement promising approval of new products and premium rates announced by insurers that are not members of a "rating bureau," an industry group for assessing products and rates.

As for new and expanded products, the official said the Japanese side maintained that accident insurance is not subject to special measures because major nonlife insurers already offer such insurance.

But the U.S. continued to insist accident insurance falls under the category for special measures when the subsidiaries are planned to be established later this year.

The Japanese side, as a compromise, proposed a "temporary" measure banning the subsidiaries from entering some established sales channels.

But the U.S. side rejected this, he said.

Otherwise, the two nations have already agreed on most other third-sector products, such as banning the subsidiaries from offering insurance on cancer and other diseases, and allowing them to sell nursing-care insurance.

Japan: Tokyo To Break Off Insurance Talks With U.S.

OW3005061196 Tokyo KYODO in English 0558 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Japan plans to break off negotiations with the United States and allow life and nonlife insurers to handle "third-sector" products according to its interpretation of the 1994 bilateral insurance accord, a government source said Thursday [30 May].

The two countries failed to resolve their insurance market dispute at talks in Washington on Monday and Tuesday ahead of the June 1 deadline.

If Japan goes ahead with its plan to allow life and nonlife insurance companies to enter into the third sector through subsidiaries, the U.S. may consider sanctions in the financial sector under Article 301 of the U.S. Trade Act of 1974, the source said.

The third sector covers sickness, accident and nursing insurance products, an area where foreign companies are considered to have an edge over their Japanese competitors.

Japan's new insurance law, which took effect April 1, allows life and nonlife insurance companies to advance into each other's turf through subsidiaries.

At the center of the insurance dispute with the U.S. is the degree to which the subsidiaries should be allowed to handle third-sector products under the 1994 accord.

With respect to the "new and expanded introduction of products" in the third sector, the accord calls for special measures to "avoid any radical change" in the business environment until foreign providers can compete on equal terms in the primary life and nonlife insurance markets.

The U.S. has proposed the Japanese subsidiaries be allowed to handle third-sector products after Japan's liberalization efforts in the primary markets are confirmed through a one-year monitoring period.

As measures to avoid radical changes, sales of accident insurance products by the subsidiaries should only be allowed three years after the monitoring period, Washington has also said.

Japan has rejected the U.S. calls, saying the monitoring period would lead to the introduction of numerical targets, and reiterated that it will allow life and nonlife insurers to enter each other's turf from this autumn.

Japan: WTO Panel: 'Shochu' Liquor Taxes Discriminatory

OW2805234096 Tokyo KYODO in English 2313 GMT 28 May 96

[FBIS Transcribed Text] Geneva, May 28 KYODO — A dispute-settlement panel of the World Trade Organization [WTO] has produced a report which describes Japan's tax on "shochu" clear distilled liquor as discriminatory toward distilled spirit imports, diplomatic sources said Tuesday [28 May].

The report was submitted recently to the parties involved in the dispute — Japan, the European Union (EU), the United States and Canada, according to the sources.

After hearing more testimony from the parties concerned, the panel is expected to present the report to the WTO members as early as mid-June.

Japan would then be forced to accept the multilateral judgment or file a complaint with a higher dispute-settlement body.

In a complaint filed with the WTO by the EU in June last year, the EU alleged that Japan's liquor tax system discriminates against foreign-made liquor such as whiskey and favors shochu liquor.

The U.S. and Canada later joined the EU in seeking bilateral talks with Japan at the WTO.

Because they failed to narrow their differences in bilateral talks at the WTO, a neutral panel was set up late last year to resolve the row.

During panel talks, Japan sought understanding from the EU, the U.S. and Canada, stressing the difference in domestic consumption patterns between whiskey and shochu, and the different taxation systems between Japan and those countries.

In 1987, the former General Agreement on Tariffs and Trade, the WTO's predecessor, advised Japan to rectify imbalances in its liquor tax in response to a complaint lodged by the former European Community.

Tokyo responded to the ruling by correcting tax rate disparities on an array of alcoholic beverages in 1989 and 1994.

Japan: Tokyo 'Likely' To Raise 'Shochu' Tax in Response to WTO

OW2905100996 Tokyo KYODO in English
0936 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Japan is likely to raise its tax on "shochu" clear distilled liquor in response to a World Trade Organization (WTO) judgment that its liquor tax system favors shochu at the expense of imports of whiskey, government sources said Wednesday [29 May].

The prospect emerged shortly after a dispute-settlement panel of the Geneva-based WTO drafted a report describing Japan's tax rate on shochu as being so low as to discriminate against whiskey, which is subject to a tax rate 3.9 times higher than shochu.

The judgment was included in the draft following a year-long investigation initiated in response to a string of complaints filed against the Japanese liquor tax system since last June by the European Union, Canada and the United States.

The WTO panel was set up last October after bilateral negotiations between Japan and the countries concerned broke down.

Critics of the liquor tax system claim Japan is trying to promote the shochu industry by imposing a sharply higher tax on whiskey, as both shochu and whiskey fall into the same category of distilled spirits.

The latest draft of the report follows a similar judgment in 1987 by the General Agreement on Tariffs and Trade (GATT) that the low shochu tax is designed to provide protection to domestic shochu producers facing competition from imported distilled spirits.

At that time, Japan responded by hiking the shochu tax rate.

If the WTO finalizes its decision against Japanese shochu producers, the government will have to hike the shochu rate again to narrow the gap between shochu and whiskey rates as a part of the fiscal 1997 tax system modifications, they added.

Japan: Joint Statement on Saudi Foreign Minister's Visit

LD3005104796 Riyadh SPA in Arabic
0210 GMT 30 May 96

[FBIS Translated Excerpt] Tokyo, 29 May — The Kingdom of Saudi Arabia and Japan have expressed their continued support for the Middle East peace process, reaffirming the need for establishing a just and lasting peace in the region.

The two countries welcomed the understanding reached between the UN secretary general and the Iraqi Government on the implementation of UN Security Council Resolution 986. The kingdom and Japan stressed the need for Iraq to implement fully all the resolutions of the UN Security Council concerning the Iraqi regime's aggression against Kuwait.

That came in a joint press statement released at the end of Foreign Minister Prince Sa'ud al-Faysal's visit to Japan. Here is the text of the statement:

At the invitation of Japanese Foreign Minister Yukihiko Ikeda, Prince Sa'ud al-Faysal, foreign minister of the Kingdom of Saudi Arabia, paid an official visit to Japan 28-30 May 1996.

The Japanese emperor granted an audience to Prince Sa'ud al- Faysal at the imperial palace on 29 May. [passage omitted: courtesy visits to Japanese crown prince and the premier, banquet]

During the visit, Prince Sa'ud al-Faysal held official talks with Japanese Foreign Minister Yukihiko Ikeda and exchanged views on bilateral relations as well as regional and international issues of mutual concern. The talks were held in an amiable, open, and constructive atmosphere.

The Japanese foreign minister expressed his appreciation of the Kingdom of Saudi Arabia's contribution toward the stability of the world oil market in its capacity as the world biggest oil producer.

The two countries' foreign ministers reviewed the cordial relations between the Kingdom of Saudi Arabia and Japan and explored ways of strengthening cooperation between the two countries in every sector, including political, economic, technical, and cultural cooperation. They stressed the importance of exchanging visits between the leaders of the two countries. They agreed on the need to encourage Japanese investment in the Kingdom of Saudi Arabia and expand bilateral trade relations. [passage omitted]

The two countries' foreign ministers discussed bilateral economic relations and agreed on the need to convene the next session of the Saudi-Japanese Joint Commission at the earliest possible date. That issue was also discussed by Prince Sa'ud al-Faysal and Shunpei Tsukahara, Japanese minister of international trade and industry. [passage omitted]

The two countries' foreign ministers discussed regional and international issues of mutual concern, including the question of peace and stability in the Gulf region. They welcomed the understanding reached between the UN secretary general and the Iraqi Government on the implementation of UN Security Council Resolution 986 in view of it being a humanitarian means of easing the suffering of the Iraqi people. They stressed the need for Iraq to implement fully all the UN Security Council's resolutions, including resolutions 687 and 688.

The two ministers reviewed and expressed continued support for the peace process in the Middle East, stressing the importance of the establishment of a just, comprehensive, and lasting peace in the Middle East. They called for the realization of that objective by fully implementing the Palestinian-Israeli transitional agreements and by urgently and successfully reaching a conclusion on the final status.

They expressed their hope for further and speedy progress in the bilateral negotiations in the Syrian and Lebanese tracks and acknowledged the need for renewed efforts by the international community to speed up and guarantee the success of the Middle East peace process.

The two countries' foreign ministers expressed their support for the understanding reached on 26 April in the aftermath of the recent tragic events in Lebanon, and viewed the understanding as an initial step towards the implementation of UN Security Council Resolution 425.

The ministers shared the view on the need for reforms in the UN statute, including the enlarging of the UN Security Council. In this context, his highness the foreign minister noted with understanding Japan's readiness to assume its responsibility as a permanent member of the UN Security Council.

He expressed the Kingdom of Saudi Arabia's support for the nomination of Japan for the non-permanent UN Security Council seat which is to be filled after elections during the next session of the UN General Assembly. [passage omitted]

Japan: Ikeda Meeting With Burmese Foreign Minister Viewed

OW2405085196 Tokyo KYODO in English 0810 GMT 24 May 96

[FBIS Transcribed Text] Tokyo, May 24 KYODO — Japan blasted Myanmar's [Burma] military regime Friday [24 May] for its arrest of some 200 supporters of pro-democracy leader Aung San Suu Kyi and called for their immediate release.

Foreign Minister Yukihiko Ikeda, in a meeting with his visiting Myanmarese counterpart Ohn Gyaw, said the arrests in the past two days run counter to the rule of law and cannot be ignored, a foreign ministry official told reporters.

"We are worried that the detention of many members of the NLD (National League for Democracy) since the day before yesterday goes against the trend of democratization," the official quoted Ikeda as saying.

"The Japanese Government strongly hopes the Myanmarese Government will take moderate action," Ikeda reportedly told Ohn Gyaw.

In the 40-minute talk, Ikeda pressed for the immediate release of the people now under arrest and demanded no further arrests be made of Suu Kyi's followers, the official said.

He also urged Myanmar's ruling junta to cease harassing the NLD and to take appropriate steps to avoid possible clashes between backers of the military regime and supporters of Suu Kyi, who won the 1991 Nobel Peace Prize for her nonviolent promotion of democracy.

The NLD, which she leads, won 392 out of 485 seats in Myanmar's 1990 general elections, but has ever since been prevented from taking power by the junta, formally known as the State Law and Order Restoration Council (SLORC).

Many of the successful candidates have since been killed, jailed or exiled.

The recent SLORC crack down was aimed at preventing a key NLD meeting scheduled to begin Sunday at Suu Kyi's home in Yangon [Rangoon]. The event is timed to coincide with the sixth anniversary of the 1990 elections.

In defense of his government's action, Ohn Gyaw blamed the NLD for its "disturbing" plan to hold the conference, the official said.

The arrests were part of the Myanmarese Government's "preventive" effort to maintain order in the country, he was quoted as telling Ikeda.

Ohn Gyaw, visiting Japan to attend an annual international conference, said Myanmar is still in the process of developing into a democratic society and therefore cannot act in the same fashion as fully mature democracies such as Japan, the United States and Britain.

Opposing the use of the term "arrest," the Myanmarese Foreign Minister said the NLD members in custody are simply being held for questioning. He said they are being well treated and will not be detained for long.

But Ohn Gyaw stopped short of saying exactly when they would be released, according to the official.

He also denounced Suu Kyi for her recent attacks on the military regime, saying it seems she has been urging other countries to refrain from any trade and investment in Myanmar until she takes up the reins of government.

Ikeda and Ohn Gyaw did not discuss Japan's aid to Myanmar, the official said.

Japan: Keidanren Sets Up Committee on Burma Despite 'Turmoil'

OW2905085496 Tokyo KYODO in English 0839 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — The Federation of Economic Organizations (Keidanren), Japan's most powerful business group, has upgraded the status of its informal study group on Myanmar [Burma] to strengthen business relations with it, a Keidanren official said Wednesday [29 May].

The study group, which was established last February by 194 member companies interested in investment in Myanmar, has invited politicians and business leaders from Myanmar to lecture on the country.

Keidaren, however, decided to upgrade the study group's status to an official in-house body at a general meeting Tuesday to further promote its activities, the official said.

Asked about possible criticism of the measure amid international outcries over detention by Myanmar's junta of pro-democracy activists, the official said, "the general meeting coincided with the turmoil in Myanmar accidentally, but it might have been better if we had made the upgrade at a time of peace."

According to a survey conducted by Keidanren last December, 42 out of 102 companies polled said they do business with Myanmar companies. Nineteen companies replied that they are preparing for trade with the nation and 34 answered that they are considering business relations sometime in the future.

Japan: Editorial Calls For Resumption of Yen Loans to Burma

OW3005014496 Tokyo SANKEI SHIMBUN in Japanese 28 May 96 Morning Edition p 2

[Editorial: "Do Not Cut Off Aid to Myanmar"]

[FBIS Translated Text] The political situation in Myanmar [Burma] is again being strained by confrontation between the State Law and Order Restoration Council [SLORC] and Ms. Aung Sang Suu Kyi. As a matter of course, the international community is demanding the SLORC government to pay adequate respect to democratization and human rights.

Yet, we think Japan must carry on its independent diplomatic efforts, although it should not ignore trends in the international community. We would like to discuss the reasons from several viewpoints.

First, we should acknowledge objectively that the military government is running the Myanmar economy quite well. Moreover, the SLORC government has so far reconciled with 15 out of 16 anti- government ethnic groups. This should be rated highly because the presence of armed ethnic groups has been the most serious uncertainty in Myanmar.

Second, Myanmar has only a half-century history as an independent state after the colonial ruling by the UK. Inevitably, it should undergo much meandering until it builds up full-fledged democracy like the Western society.

Third, Myanmar and Japan have very favorable relations throughout history — for Japan, Myanmar probably is one of the most friendly nations in Asia. Taking this into account, Japan's diplomatic policy should be more friendly toward Myanmar than Western nations. Japan should take positive roles in assisting democratization of Myanmar through economic assistance because it is the best way to enrich the welfare and livelihood of 45 million people in Myanmar. Japan already has certain achievements in this field.

Japan suspended its yen-denominated loans to Myanmar in response to the 1988 military coup; however, in March 1995, a 1 billion yen grant was extended as farm aid. The grant aid, provided as a fund to supply farming appliances to border regions dominated by ethnic minorities, was aimed toward supporting reconciliation between the SLORC and ethnic minority groups. Also, it was a message calling for an early release of Ms. Aung Sang Suu Kyi. Following the release of Ms. Aung Sang Suu Kyi in July 1995, Japan extended a 1.6-billion-yen grant to rebuild a nursing school. Such "quiet and independent diplomacy" is good for upgrading the quality of overall diplomatic policies of Japan. We believe Japan should not further postpone resumption of the yen loans to Myanmar.

Fourth, Japan is providing the yen-denominated loans to China, while China is rapidly expanding its military power and refusing to heed world demand and halt nuclear testing. In this regard, we have to say suspension of the yen loans to Myanmar is a double standard in Japan's policy for Official Development Assistance (ODA).

We can no longer justify the Finance Ministry's explanation that Japan's "warm-hearted" ODA is for assisting China's open-up and reform policy because China is intensifying militaristic policies. However, ODA is expected to work well in Myanmar judging from achievements made in the past. We hope the government will pay attention to public demands in implementing economic assistance policies.

Japan: Editorial Urges Review of Policy Toward Burma

OW3005113596 Tokyo ASAHI SHIMBUN in Japanese 29 May 96 Morning Edition p 5

[Editorial: "It Is Time To Expand Human Rights Diplomacy"]

[FBIS Translated Text] A sharpening conflict in Myanmar (Burma) between the military junta and the National League for Democracy (NLD), the largest opposition party led by Aung San Suu Kyi, has prompted the international community, including Japan, to review their human rights diplomacy.

Also, a policy called "constructive engagement" with the junta, which has been adopted by Japan and the ASEAN nations, is being questioned.

Although the junta is a dictatorial government, economic sanctions to isolate the country from the international community will harden the junta's attitude and have adverse effect on the democratic movement in the country. In contrast, the "constructive engagement" policy aims to soften the junta's attitude by assisting in the country's economic development and improving the people's living conditions.

Based on this policy, the Japanese Government recognized the military junta in February 1989, after the bloody coup in 1988. Since then, Tokyo has continually extended Official Development Assistance (ODA) and small-scale humanitarian and emergency aid. Last year, rating highly the junta's release of Suu Kyi from house arrest, the government extended grants-in-aid to Burma to help improve a nursing college. Also, it was about to lift a freeze on yen-based loans to the country.

The Japanese Government often says: "It is better to use the sun heat, not a north wind, to let a person take off his mantle."

However, referring to the detention of many of her supporters, Suu Kyi refuted: "If it (the constructive engagement policy) worked fine, the junta would not have done such a thing." Also, concerning Japan's continued humanitarian aid, she angrily said: "What humanitarianism do you see in that assistance?"

What answer should Japan give to this question?

Burma's military junta takes pride in continually leading the country since the nation was freed from a long, hard colonial rule and gained its independence, and it strongly opposes foreign intervention. If Burma's such special circumstances are considered, the realistic policy adopted by Japan and the ASEAN nations, which is clearly different from that taken by the United States and the European countries, appears to be reasonable.

However, the question is how effective this policy is in facilitating Burma's democratic movement.

The recent incident indicates that the freedom of speech and expression is not allowed in Burma. Also, various surveys show that the Burmese continue to be in severe living conditions, and that minorities have been oppressed.

Achievements made by the junta should not be denied flatly. Yet, its attempt to include a clause guaranteeing the military's continued political leadership in the new Constitution, which has been compiled under the junta's initiative in preparation for the transfer of power to a civilian government, arouse doubt whether or not the junta is serious about democratizing Burma.

The "constructive engagement" policy should not end up in supporting the military government, which has oppressed democratic forces.

Whether or not assistance should be extended to Burma should be decided depending on whether or not the country will obey rules of democracy. Japan needs to continually exercise prudence in resuming yen loans to Burma.

But at the same time, Japan should consider providing substantive aid to the Burmese seeking true assistance. It should decide whether or not to provide humanitarian aid on a case-by-case basis.

It is important for the Japanese Government to clearly state to the nation and the world its stand urging the establishment of human rights in Burma, and to cooperate with other nations in realizing the establishment of human rights in that country.

The United States reportedly plans to send a special envoy to Europe and Asian countries to discuss the situation in Burma.

With enthusiasm for leading other Asian countries in dealing with the Burma issue, Tokyo should also promote human rights diplomacy.

Japan: Hashimoto Comments on DPRK Asylum Seekers

OW3005032296 Tokyo KYODO in English 0215 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Prime Minister Ryutaro Hashimoto denied Thursday [30 May] that two North Koreans who have reportedly defected to South Korea via China had first sought political asylum in Japan.

Hashimoto would not confirm reports of the defection, saying such incidents cannot be confirmed because the identities of defectors and other details are usually kept secret to protect their safety.

While there was some confusion about the details of the case, he said, "I've had the reports checked and found there was no request for asylum in Japan."

Foreign Minister Yukihiko Ikeda, speaking before a parliamentary panel on foreign affairs, said no North Korean scientist had sought "asylum in Japan" but declined to comment further, hinting that there was contact between the scientist and the Japanese embassy in Beijing.

The scientist and a scriptwriter have been turned over to the South Korean embassy in the Chinese capital, according to news reports from Seoul.

Japan: Expert Views Hashimoto Cabinet Performance

OW3005005896 Tokyo CHUO KORON in Japanese Jun 96 pp 28-35

[Article by Takeshi Sasaki, professor of political science at Tokyo University Graduate School: "Appraising the Four-Month Performance of the Hashimoto Government"]

[FBIS Translated Text] Four months in existence, finally the Hashimoto government appears to be starting to free itself little by little from a motionless state. This change getting away from the state of standstill may be symbolized in actions shown on the 'jusen' (housing loan corporations) issue and the issue of military bases on Okinawa (also the Japan-U.S. security alliance).

Newspaper reports from Washington on the Japan-U.S. accord to revert all the area of U.S. Marine Corps Air Station [MCAS] Futenma to Okinawa reveal the following: Given the impact that the reversion of the area would have on the overall Marine Corps operations, it had been considered that Japan-U.S. consultations on the issue would continue until fall of this year. However, "the U.S. Government came to conclude the reversion of the area would be unavoidable in view of the strong desire of Prime Minister Ryutaro Hashimoto and of the need to bring an agreement on the Japan-U.S. joint security statement that will declare the need to maintain the Japan-U.S. security system. Subsequently, U.S. Ambassador to Japan Walter Mondale and the prime minister began to talk directly with each other on this matter and came to an agreement eventually" (according to a report on the 12 April morning edition of NIHON KEIZAI SHIMBUN).

The direct negotiations began on 27 March but the Defense Agency [DA] had not known of the talks until 12 April, the day the agreement was announced. Even the Ministry of Foreign Affairs [MOFA] "learned in dismay about the fact that negotiations were underway and were nearing an agreement on returning all the area of the Futenma base" (the quote from a report on the 13 April morning edition of NIHON KEIZAI SHIMBUN). While there could be a question on how accurate these reports are, there is no question that the prime minister's own initiative and resolve, which were different from those of the government in the past, played a big part in resolving the issue.

What needs to be noted here is the fact that the government "has begun to move, if only a little" and has ceased to look like someone who is speechless and close to dying "after swallowing a big wooden stick." Now when the political trend of attempting to "politicize" the military base issue is not going away and when some people are even proposing a referendum by Okinawans to decide on the military base problem in Okinawa, if the central government came up with a solution, it should be considered only natural and should be called a common sense action and there should not be any need to take notice of it at all. But the fact is that such common sense actions have been totally lacking.

What this prime minister-initiated action shows is that, though belated, the political instinct is starting to work within the government, and the government now realizes that if it wants to survive, it will have to do more than pay lip service; it must do all it can to find a way out of this standstill. The government has been sick from a malaise called "political intention infirmity," a symptom in which political instinct is non-functioning. The recent government action can be regarded as one minor, unsteady step ahead from such condition. Whether this step will lead to a path that takes itself away from the state of non-people-minded political chaos depends on how the government and political situations are run and managed hereafter.

1. Condition of Hashimoto Government's Initial Actions

It had been anticipated from the beginning, however, that the Hashimoto government would start out as a popular government, supported by the people who were tiring of the Tomiichi Murayama government, particularly the old conservatives who support the Liberal Democratic Party [LDP]. Hashimoto, known as an expert on policy matters, had been hoped to be able to break down the stalemate in both domestic and foreign areas of policies. As far as the LDP was concerned, the Murayama government had been a government with a moratorium on it and the time while Murayama was in power was the time for the LDP to refine its policy directions and to recharge its energy and to reformulate political power strategies to meet the new times. As such, the birth of the Hashimoto government meant the end of the moratorium government and the advent of the time for the LDP to display its real value. The comparatively high 60-percent approval rating the government won at the time of start-up was a revelation of congratulatory feelings as well as a show of nostalgia from the supporters [on the past days of the LDP reign].

However, circumstances greeting Hashimoto, the new LDP prime minister, were not like those that would have greeted him in the time of national high economic growth. They were also different from those in the time of the national bubble economy, which could be called the grand finale party for the post-war system.

The popularly held myths regarding Japan's stability or high economic growth had been shattered from their foundation, and all the existing organizations ranging from those for politics to those for administration and businesses were coming to face major questions as to their effectiveness and reliability. The decline in the central government's influence was conspicuous, and the government has almost no idea what to do to restructure the systems, thus relegating itself to being a victim of market mechanism and letting the manufacturing industry hollow out without restraint. The central government was increasingly finding itself in a difficult position — facing challenges from local governments on so many issues, such as those on the credit unions and the Japan-U.S. security alliance. The "diffusion of power" was steadily progressing — in conjunction with the serious move of the people seeking transparency in the decisionmaking process and demanding more government-held information be made public.

The overall government power structure, centered on bureaucracy, was no longer enjoying its prestige of the past as an sacrosanct domain. Local governments were coming under heavy attack from the public over the scandals of having entertained government officials. In the central government, there have been a series of scandals and mismanagement problems that needed questioning as to who was most accountable. And typically, there has been the continued — almost stereotypical — pattern of the problems getting aggravated because of officials trying to "cover up" the problems and then being driven into even more difficult spots as a result of such cover-up operations.

The incident of a child being raped in Okinawa led to the outpouring of debate on the military base issue and the Japan-U.S. security alliance issue, but the Murayama government kept on speaking only about the need to maintain the Japan-U.S. security treaty. The government took various show-performance-type actions, but there were almost no visible specific actions to take note of. When things were in such a state, a scheduled Japan-U.S. summit meeting was put off with Clinton's scrapping of his plan to visit Japan, thus sharply hurting the image of Japan's presence in the international community. It was obvious that the policies of the past were going nowhere, and the collapse of the old power structure was underway. Indeed, it could be said that all the government functions stopped working.

The 1996 budget plan that includes funding to rescue the jusen came to be formulated while the government was in this state of overall standstill and while order was disintegrating. Yet the draft budget bill was intended to serve the existing interests and to repeat the old trick of trying to promote the economy by pouring in more money in public works projects. The budget was a "deficit budget" without any new outlook on the future. Even though the concept of this budget was supposed to have been based on the "financial crisis declaration," the bill was filled with provisions that indicated the government did not know what to do though it was coming close to a financial bankruptcy.

The planned action on the jusen was also a product of such condition. Then Finance Minister Masayoshi Takemura admitted it was not right to formulate such a budget, and Vice Minister Kyosuke Shinozawa resigned after the budget was formulated, saying he was quitting "to atone for hurting the feelings of the people of the ministry." The Finance Ministry had long lost its power to control the situation, and the politicians, meanwhile, ran around in pursuit of their interest, calling their actions a part of election campaigns. The zoku-giin [Dietmen lobbying for interest of certain industries or government offices] acted even more disorderly than during the times of the LDP's one-party rule. There was no control whatsoever, and the zoku-giin turned into "mobs," and the situation developed to such a state that there was no way to make things look better.

Then, the two top men responsible for formulating the bill, namely Prime Minister Murayama and Finance Minister Takemura, resigned from their posts, thus creating a condition that showed how irresponsible the system was — a condition, which meant that the people who were responsible for formulating the bill were now supposed to be reviewing the bill in the Diet This may be something unheard of in the history of Japan. Some people, nonetheless, tried to praise the actions of these two party heads as "tough," even though such a praise soon was replaced by voices calling their act as "desertion before the enemy."

But the two party leaders kept on saying they could do good for the country by "devoting themselves to the work of their parties" unaware that such a position only depicted how far apart they were in thinking from the people of the nation. Later on, former Prime Minister Murayama is reported to have said, "I had never thought the action on the jusen issue would develop into such a grave matter." It is impossible to assess how sincere he was in this remark, but it should not be called a total fabrication either. Politicians, after all, are supposed to be living in virtual reality [preceding two words in English].

2. Problems Facing the Hashimoto Government

The Hashimoto government was born while all the systems of politics, administration, and economy were in the process of breaking down. Naturally, such chaotic conditions have multiple effects and one irregularity would lead to another. Gone were the days when all that the government had to do was to have a tight control over the political world to get its way. The new prime minister in his inauguration speech talked more about the heavy weight of his responsibility than about the joys of coming to power, and that should not be interpreted as a simple piece of showmanship.

There were assumed to be many bad conditions existing at the time of his inauguration that could turn for the better eventually, but these existing conditions were actually not those that could be improved on easily. After arriving into his office Hashimoto probably had no choice but to begin with taking on the economic recovery issue, which is traditionally the area where the LDP is supposed to be strong. Replying to questions on the jusen issue in the Diet, the prime minister repeatedly talked about the need to give considerations to the economy. Comparatively speaking, diplomatic initiatives were not considered a trump card he could play.

Needless to say, the LDP is a party that has depended on its policies, systems, and organization for existence. However now, when there are major changes underway in all of these, what direction should the party take? Of course, one cannot deny there is a way the LDP can draw support to itself — up to a certain point — by making the most of all the means at its disposal, for instance, or by intimidation. That may be called a pseudo-Ptolemaic way, borrowed from the past days of the one-party rule. Even that, however, might work only as an election tactic, and might work as a solution for a part of problems, but can never be an answer to all the tasks and problems.

Meanwhile, Hashimoto is known to be well-versed in policy issues, and to be familiar with the history of the policies and systems cultivated by the LDP. From that context, he is considered to be the strongest or maybe the last card of the LDP. He is also known as the politician farthest away from the back-stage politicking. Given the situation, a good performance of his government has much meaning for the LDP. If this government fails to achieve visible results and falls in disgrace, that will be a fatal damage to the usefulness of its legacies of policies and systems.

Frankly, though, the conditions surrounding his government are very tough. For instance, the Hashimoto government now has before it the problem of finance, which is nearing bankruptcy. Indeed the government is surrounded by conditions for which one can never find "pleasant words." The government must do something to find a way out of this condition through some policies or other means, but doing it will not be so easy for the LDP inasmuch as it is supported by the organizations that hold vested rights and want to keep those rights. The party has touted itself as a super-all-inclusive party that represents all kinds of organizations, but that party is now in a critical condition owing to lack of resources.

With the central and local governments' combined accumulated debt balance nearing 90 percent of the GDP, the condition is critical, but it must be admitted that there is little the LDP can do to deal with this difficulty by itself as seen from the past experience at the time of financial crisis in the late 1970s.

Even if the party wants to try its hand at having the economy recover by stimulus measures, there are limits to what it can do by manipulating banking operations and interest rates. Acting on the bad credit problems held by the banking system are only beginning, and even if there were some financial resources left for use for these actions, they would be more likely to be used in settling the old debts than in new projects "that can give dreams."

In the meantime, the population is aging and revenue pressures on medical expenses are rising. Now when the economy is increasingly globalized, it is not possible to raise the corporate tax taxes either. Indeed there is no way of increasing the tax revenue. What is expected of the government in this situation is a drastic cutback on its expenditures, which accompany a drastic revision of its policy. Unless some very drastic actions are taken, next year's budget will turn out to be one that is even worse than this year's. If the economy somehow manages to remain bullish, that will be helpful, but if the economy hits a snag, a very serious situation can develop wherein the government will find itself helpless. Simply put, many of the policies left over from the LDP of the past need to be revised urgently, and for the prime minister, who claims to be the successor of the LDP government of the past, the future ahead is very rough and tough.

Among the legacies of systems the government inherited from the past LDP governments is the symbiotic relationship between the LDP and the bureaucrats. Hashimoto is known generally as a politician who values cooperative relationship with the bureaucrats, and this can be seen from his schedule of activities reported daily on newspapers and other news media. Hashimoto is said to be so agile in policy issues as to excel even the bureaucrats.

There is no question that the best use should be made of the bureaucrats' capabilities in running the government, but the bureaucracy is now losing the trust of the people — to a degree previously unheard of — as a result of a series of scandals involving the officials and the lack of transparency in what they do. The bureaucratic system is now besieged by pressure from the voices of markets demanding deregulation, voices of local governments demanding decentralization of government power, and voices of society demanding opening up of information to the public. Expressed more roughly, there can be said to be "two groups of people" or "two markets" — with one group siding with the bureaucracy and the other revolting from it.

There were days when a decision could be made based on the consensus of interests gained through the framework of bureaucracy, but things cannot be done that way anymore. That is because the people are no longer accepting the bureaucracy as a medium of resolving problems and in fact some people are coming to think the bureaucracy itself is the cause of the problems. And to make the matter more complicated, the worsening condition of government finance is making it increasingly difficult for the bureaucrats to run their offices as they used to by using their old up-to-down departmentalism and sectionalism.

Of course, even in the past, there have been times when the relationship between the LDP and the bureaucracy was strained, but this time, the LDP government is besieged by situations that cannot be resolved by "playing up" some specific issues. Apparently, the new government will have to do more than declare itself as the successor of the old system if it wants to get itself successfully off the ground and fly on.

The last point to take note is the fact that this is a coalition government. The LDP regarded the period of the Murayama government as a moratorium period on its own policy, but still exercised its influence indirectly (a new version of dual power structure). In a way, that arrangement was convenient to the LDP. But now that the LDP president is heading the government, the coalition cannot be called convenient anymore. In other words, there is an increasing likelihood that the coalition will work as a fetter than a protective system though, of course, it is not so easy to make a prediction.

It has been a long-pending question for the LDP whether it should put priority on keeping power or should find raison d'etre for itself in pursuing policy goals. But the long one-party reign has made possible to leave that important question unanswered so long. But the end of the one-party rule and the rising popular demands for political reform are now forcing the party to make a decision on it — as represented in the political drama of rising tensions between the supporters of the existing coalition and the supporters for the LDP forming a new alliance with conservatives of the New Frontier Party [NFP] as well as in the ongoing debate on the question of "what the government must do." The prime minister is known as an authority on policies; he cannot belittle this basic policy matter either.

3. Government's Face is Invisible

If one reviews the performance of the government for the first four months, the first impression he gets is that this is "a government which has no face" of its own. Unfortunately, for the new government, the first major task was to get the budget bill deliberated on and passed by the Diet. This bill, formulated by the preceding government, contained the controversial and very unpopular plan to deal with the jusen issue. The measures on the jusen issue drove the ruling parties into a very difficult, unmovable spot, and with the opposition parties making the best of this situation, the Diet was driven into a comatose state for several weeks. Except for some actions by Chief Cabinet Secretary Kajiyama, the government remained "faceless" for long enough to be called irresponsible.

Naturally, the supporting rate for the Hashimoto cabinet tumbled and public opinion surveys soon showed the disapproval rating for it topped the approval rating. The problem with the jusen issue plan was that it was a product of compromise that was as fragile as glasswork rather than a product of political convictions (it is indeed questionable if Murayama, Takemura, or Hashimoto had any political convictions in this plan). If this was considered a matter of political convictions, there could have been a little more discussions and could have been ways of persuading the people.

The fact that there were no political convictions can be said to be proof that the jusen issue was more tied to the question of whether the government can be kept alive than anything else. The government could have used some differing views from within the ruling parties if it wanted to bring a change to the condition of the government acting like a man who has "swallowed a stick." But the government thought the maintaining of the coalition was the supreme command, and this thinking only worsened the motionless condition. Things started to move a little, stung by such events as the Hashimoto-Ozawa meeting.

As witnessed in the trend of political developments since the Hosokawa government, a coalition tends to weaken quickly once a common goal is achieved. Inasmuch as the jusen issue is the link sustaining the coalition, once the jusen plan is accepted, the coalition government might fall into crisis, while the decline of NFP president Ozawa's power can be another cause.

The second reason for the public feeling the government as "faceless" is because of the government failure to convince the people in revising the deregulation plan, particularly with respect to removing restrictions on holding companies, splitting of Nippon Telegraph and Telephone Company (NTT), and liberating the job placement service. The government failed to do anything drastic to reform the agricultural product prices and public utility charges.

Of course, in terms of number, the people could feel that the deregulation is effected on a large scale. There are actions that could have a long-term impact like those on the revision of the construction standards law, easing of restrictions on imports of housing construction materials, the liberalization of the NTT local communications networks, and the installation of optic fibers on sewage systems.

But in general, the actions remain within the framework of the deregulation plan of the past, and they are in substance those aimed at "catching up in hurry" rather than those for leading other countries. Japan is once again in a position of trying to "catch up and run past" other countries. And this time, the nation does not appear so eager in doing it either. The ruling parties — whether because of internal conflicts or of their inherent passivism — have almost made no "efforts to come up with sellable projects."

A problem is that the government led by a prime minister who calls himself a "professional in administrative reform" is unable to take any visible initiatives to deal with this condition. There are no political intentions or feelings of urgency to do something. The Administrative Reform Committee monitoring progress of deregulative actions by the administration, in commenting on the revised plan, announced the committee "frankly recognized the fact that much of the committee's views have been accepted into the plan," but it is difficult to believe if the committee which had issued a statement entitled "toward a brightly shining nation" only last December thought the revised plan really looked like something that would make the nation "shine brightly."

If the government was serious about effecting deregulation, it should be tackling the matter systematically with willingness to tear apart the existing framework of government offices. Only such a strong power of destruction as that of typhoon can effect a change on such framework. The current thinking that the deregulation can be done without resorting to such power and relying on inputs from the government offices is unrealistic. And the actions based on such thinking are turning out to be almost "invisible" or totally inappropriate.

Besides, the deregulation is not something that can be regarded as a simple administrative action. The condition of government finance is near bankruptcy, and if deregulation makes no progress or is too slow in coming, the future of Japanese economy can fall into a jeopardy. The Social Democratic Party [SDP] at least tries to justify its stand from the perspective of assuring job security, but it is not clear what the LDP is thinking. Likewise, it is altogether impossible to see what the Hashimoto government's overall views on the economy are — including those on the deregulation as well as reform of administration and finance management. Relating to the recent action plan on the jusen issue, some people have complained about the absence of broad views on the overall bad credit problems. Such absence of broad views can be considered to have stemmed from the lack of the government's overall views on the economy.

Is the government trying to avoid taking actions and initiatives from this perspective because what it wants to do really is to sneak toward the time for next year's budget without doing anything? Is it irresponsibly trying to continue to go the way of "taking as much as possible while it can" [in the budget] and to take so many "politics-oriented" actions without caring about the overall views of the economy?

Even the report by the Committee to Promote Decentralization of Power to Local Governments [CPDPL] issued at the end of March smells strongly of the negative attitude of the Prime Minister's Office and other offices of the government. Obviously, there is a move within the LDP rebelling against the activities of the committee (according to the 30 March morning edition of ASAHI SHIMBUN). The bureaucracy is said to be planning an attack on that interim committee report, and indeed there is the possibility that the power decentralization plan will meet the same fate as that of the deregulation and be sacrificed by the "politicians-bureaucrats" collusion. Both the deregulation and the power decentralization involve revising of the traditional policies and systems. But the bureaucrats and politicians in fact do not want a change and want the status quo. The microeconomic interests of the politicians acting this way are understandable, but if the government itself is unable to go beyond the expediency-based thinking of individual Dietmen, then that is a serious and grave matter.

Prime Minister Hashimoto has proposed setting up a Third Ad Hoc Commission on Administration Reform, but people wonder if he is willing to make this body different from the existing Administrative Reform Committee or the CPDPL. The Second Ad Hoc Commission on Administrative Reform had fairly solid support from politicians and had strong characters (like Toshio Doko) in it to fight for its objectives. Furthermore, in those days, control by the bureaucracy (led by the Finance Ministry) still worked, and the reform pursued by it was basically a reform involving simply one capitalist country, Japan. It must be admitted that the Second Commission worked in a condition that was much different from that existing today. To speak of politicians now, their abilities or energy to fight for a cause have much declined since then. And there is also less external pressure (to be more accurate, felt so by politicians). They appear to be simply floating around.

4. There is Still a Way Out

Then, the question arises as to if this government is totally "faceless"; the answer is, not altogether so. Health and Welfare Minister Naoto Kan is taking on the AIDS blood product contamination issue in a way clearly different from the past, fighting off pressures from the bureaucrats. It is probable that many people's feelings of isolation from the government power have been more or less allayed as a result of this. And above all, the prime minister himself took decisive initiatives in resolving the issue of U.S. MCAS Futenma, which neither the MOFA nor the DA has been able to do (or, more precisely, had thought possible). This action contributed to giving a meaning to the Japan-U.S. summit and, no doubt, will help the government get off the ground to fly up. The fact that the prime minister from the LDP took active efforts for realignment and reduction of the U.S. military bases, going over the heads of bureaucrats in doing so, should be accepted as proof that this is a "cabinet with a face." Admittedly, as seen in these cases, there is this dilemma of the government not being able to make its "face visible" unless it is willing to drop and discard the past LDP governments's legacies as something the younger generation of people should not follow. Indeed, the government has now before it the question of how to handle this basic dilemma.

The government must realize that there are so many politicians who are not interested in doing anything other than protecting the legacies of LDP policies and systems despite the fact that such a condition is only resulting in furthering of distance between what the government thinks and the public thinks. After all, the politicians reformed the election system and the political fund system in the hope of departing from the past policies and systems. If the politicians want to take a step ahead toward the great work of restructuring, they will need to depart from the past. And if they want to depart from the past, they will have to conduct a general election under a new system first of all, thus effecting a change in members to make up the political world. Once that is done, then they will have to build up bases for themselves to run politics from a totally new angle.

The morality of the people who take this challenge will be long praised. The writer in this article has made a rather detailed review of specific problems faced by this government. But the first key to cutting the "knot of Goldeus [preceding word as published]" is nothing more than dissolving the Diet and holding a general election. As long as there is no hope for the government to keep on coming up with more of such diplomatic feats as those of returning MCAS Futenma, the cool-headed judgment dictates that it should be rational for it to dissolve the Diet while some brightness in the economy still remains.

If the government wants to govern with a broad overall view of the economy, there is no other way to go. And if the government delays doing it, that will mean the government will have to continue to do things forcibly, railroading unwelcome bills through the Diet, which will further damage the government finances and will result in leaving the distorted economy on the laps of the future generations. Which path will the government choose? That is the most critical question the government must answer now that the Japan-U.S. summit is over and the jusen issue is being cleared.

Japan: Poll Shows Hashimoto Support Rate Recovering

OW3005035896 Tokyo YOMIURI SHIMBUN in Japanese 29 May 96 Morning Edition p 1

[FBIS Translated Text] The support rate for the administration of Prime Minister Ryutaro Hashimoto has risen to 52 percent, up 3.6 percentage points from the previous month, according to a nationwide public poll conducted by YOMIURI SHIMBUN on 25-26 May. The Hashimoto administration's support rate climbed back to exceed the 50-percent mark for the first time in four months; it was the second-highest rating ever since the administration registered a 56.9-percent support rating (in a poll conducted in January) immediately after its inauguration. A marked decrease in the percentage of people citing the administration's handling of "the problem of housing loan companies (jusen)" among its unpopular policies and the fact that the Japanese economy is moving toward recovery seem to have contributed to the administration's regaining public support. The percentage of poll respondents who expressed disapproval of the Hashimoto administration dropped 2.7 percentage points from the previous month to 33.3 percent.

Among the administration's supporters, 28 percent said they endorsed the administration because "the prime minister belongs to the Liberal Democratic Party," while 26 percent said they supported the administration because they "approved its political stance." This was followed by 22 percent who said they supported the administration because "the prime minister is trustworthy."

Asked which of the administration's policies they approved, 24 percent of the respondents cited "foreign policy and external economic policy," while 10 percent cited "international contribution" and eight percent "political reform and political ethics." In each case, the percentage fluctuated only slightly from the previous month, rising or falling by two percentage points.

Among respondents who disapproved the Hashimoto administration, 35 percent said they "disapproved the administration's policies," while 32 percent said they "disapproved the administration's political stance," and 29 percent said the administration "has not scored any notable accomplishments."

Asked which of the administration's policies they disapproved, 54 percent of the respondents cited the administration's "handling of the jusen issue," while 23 percent cited "tax policy," and another 23 percent "pump-priming measures and commodity price control policy." The percentage of respondents who disapproved the administration's "handling of the jusen issue" dropped four percentage points from last month and 10 percentage points from March.

Japan: SDP Leaders Mention Breaking Up Coalition With LDP

OW3005050596 Tokyo SANKEI SHIMBUN in Japanese 27 May 96 Morning Edition p 3

[By Kiyoshi Goto and Akira Kaneko]

[FBIS Translated Text] Remarks about dissolving the coalition administration have been heard one after another from both the Liberal Democratic Party [LDP] and the Social Democratic Party [SDP] because of policy conflicts. On 22 May, Shigeru Ito, SDP vice head and Policy Research Council chairman, criticized the LDP for its positions on various policies such as introducing a public nursing insurance system and enacting emergency legislation, and hinted at a possible collapse of the coalition administration as early as this fall. The LDP has become increasingly irritated over the fact that the SDP's attempt at demonstrating its individuality means no decisions can be made on important policies.

Sense of Fatigue

"We cannot but believe that a new political structure will be formed following the election." This remark by Taku Yamazaki, chairman of the LDP's Policy Research Council, indicates that a sense of fatigue over the coalition with the SDP has spread within the party.

It is the security issue that has caused LDP's irritation. On the Okinawa military bases issue, the SDP refuses to start studying special legislation for emergencies. The LDP has intensified its opposition to the SDP's position, maintaining that "the SDP is trying to look smart by refusing to prepare for legislation despite the fact it is aware there will be a large number of illegal occupations of private land for military use next May" (as stated by a leading LDP member).

Among other issues on which the two parties oppose each other in the current Diet session are lifting regulations on holding companies by revising the Antimonopoly Act, breaking up NTT [Nippon Telegraph and Telephone Co.], and introducing a system to allow married couples to have different surnames. Since what underlies the difference in views is "the difference in the sense of basic values rather than superiority or inferiority of policies" [as stated by a leading member of the LDP policy research council], it is all the more difficult for the two parties to achieve reconciliation. As a panel chairman pointed out, "The SDP seems to be trying more feverishly to gain its points now than when the Murayama administration was in power."

Another panel chairman stated: "We do not intend to persuade the SDP. In any case, since these issues will be settled at the next ordinary Diet session, we will do our best to promote coordination within the LDP."

On the other hand, the LDP opposes New Party Sakigake [NPS] on only a limited number of issues, such as administrative reform and freedom of information. Therefore, in its relations with the NPS, the LDP has an increasingly favorable opinion that "the two parties share common ideas" (as stated by an LDP source).

The Trump Card

Since the LDP and SDP have different basic policies, they have opposed each other on various individual policies on several occasions in the past. However, the confrontation has not become so serious as to cause the coalition to collapse.

However, in addition to Mr. Ito's remarks, SDP Secretary-General Kanju Sato on 24 April touched on demands for revising the Constitution and for emergency legislation that have been noted recently within the LDP, and indicated the possibility of the SDP's breaking away from the coalition.

What lies behind these remarks is not only an attempt at checking LDP but also the SDP's awareness of a crisis now that the general election is approaching. It is apparent that in the next general election to be conducted under the single-seat constituency system, the SDP will be at a disadvantage because of attacks by both the LDP and Shinshinto [New Frontier Party]. Moreover, since SDP head Tomiichi Murayama's resignation from the post of prime minister, party members have burst out with a question as to "whether the SDP has been a complementary force to the LDP" (as stated by a leading party member).

Therefore, there is a growing view within the party that "depending on the situation, the party should leave the coalition administration and appeal to the people on the basis of the party's individuality."

In his 24 May speech, party head Murayama stated that "it has been mentioned (within the party) that we could feel at ease when we were in opposition." Thus he admitted that an intention to become an opposition party again has been noted within the party. It has been much talked about that the SDP is facing a crisis and may cease to exist as a result of the next general election. It is thought that "restoring the party's power is more important than remaining in the administration" and that "the trump card is breaking away from the coalition" (as stated by party members of the younger generation). This view is now growing steadily within the SDP.

Japan: Tokyo Realtor Suspected of Blocking 'Jusen' Claims

OW2405151596 Tokyo KYODO in English
1453 GMT 24 May 96

[FBIS Transcribed Text] Tokyo, May 24 KYODO — Togensha, a Tokyo realtor and one of the biggest borrowers of loans from failed housing loan companies, is suspected of hampering financial institutions' efforts to collect claims, sources close to the case said Friday [24 May].

The sources said Togensha is suspected of having prevented financial institutions from collecting collateral by arranging bogus rental arrangements between ghost companies.

Togensha's debts reached 346 billion yen as of March last year. The Tokyo realtor's borrowings from Nippon Housing Loan Co. and three other failed housing loan companies, known as "jusen," stood at 72.8 billion yen as of June last year.

Japan: Government To Ask Banks To Bear More 'Jusen' Burden

OW2505115996 Tokyo KYODO in English
1044 GMT 25 May 96

[FBIS Transcribed Text] Tokyo, May 25 KYODO — The ruling coalition plans to ask financial institutions to bear an additional burden of between 700 billion yen and 1 trillion yen to liquidate seven moribund jusen housing loan companies, coalition sources said Saturday [25 May].

A government scheme incorporated in the 1996 fiscal budget cleared by the Diet called for banks to give up 4.2 trillion yen in claims on the virtually bankrupt mortgage companies while allowing the government to spend 685 billion yen in taxpayers' money.

Banks and other financial institutions, including insurance companies, are founders of the crippled jusen companies.

The sources said the three ruling parties have begun to iron out details of the request to be made to the financial institutions.

Additional contributions made by the financial institutions will be transferred to a 1 trillion yen financial system stabilization fund to be established by Deposit Insurance Corp.

The fund will be operated over a 15-year period and some of its revenues will be used to repay the appropriation of tax money, the sources said.

Koichi Kato, secretary general of the Liberal Democratic Party, the main force in the tripartite ruling coalition, said 10 commercial banks chalked up record operating income for fiscal 1995, showing their ability to bear additional burdens for the liquidation of the jusen companies.

Japan: Authorities Raid Head Office of Tokyo-Based Realtor

OW2705012596 Tokyo KYODO in English 0016 GMT 27 May 96

[FBIS Transcribed Text] Tokyo, May 27 KYODO — Law enforcement authorities Monday [27 May] raided Tokyo-based realtor Togensha, a major borrower from some of the seven moribund mortgage firms or "jusen," for allegedly obstructing the auction of a company-owned tract of land, investigative sources said.

Police plan to arrest Togensha President Kichinosuke Sasaki, 63, on suspicion of falsifying a contract leasing the land in Hakone, a hot spring resort southwest of Tokyo, to an affiliate company in order to obstruct the industrial bank of Japan's request for an auction on the land, they said.

The raid on the head office of Togensha and its affiliates was carried out jointly by the metropolitan police department, the Tokyo regional taxation bureau and the Tokyo district public prosecutors office.

This is the second time that police, tax authorities and prosecutors have launched a probe into a major jusen borrower. They opened an investigation into Osaka-based Sueno Kosan earlier this month.

Sasaki is also suspected of having concealed tens of millions of yen of income from the sale of a condominium in Tokyo in violation of the income tax law.

Togensha, which bought the 3,200-square-meter plot in the town of Hakone, Kanagawa Prefecture, in 1989, used the land as additional collateral for over 20 billion yen in loans from the Industrial Bank of Japan, the largest of the country's three long-term credit banks.

The bank planned to file a request with the Yokohama District court's Odawara branch to auction off the land after Togensha failed to repay the loans on schedule.

But Togensha allegedly blocked the auction by drawing up a false contract leasing the land to a phony affiliate company for 10 years at 100 yen per square meter, according to sources close to the case.

Togensha borrowed a total of 72.8 billion yen from jusen housing loan companies.

Togensha is the sixth largest borrower from the jusen companies, which are to be liquidated under a controversial government scheme involving the use of 685 billion yen in tax money to help mop up losses stemming from the liquidation.

Japan's 75 trillion yen budget, which includes the money for the liquidation of the jusen companies, cleared the Diet earlier this month, although the allocation has been "frozen" until a pending jusen bill is also approved by the diet.

Japan: 'Jusen' Debtor President Togensha Arrested

OW2705040796 Tokyo KYODO in English 0318 GMT 27 May 96

[FBIS Transcribed Text] Tokyo, May 27 KYODO — The president of Tokyo-based realtor Togensha, a major borrower from "jusen" housing loan companies, was arrested Monday [27 May] on suspicion of obstructing the auction of a company-owned tract of land, police said.

Kichinosuke Sasaki, 63, is suspected of falsifying a contract leasing the land in Hakone, a hot spring resort southwest of Tokyo, to an affiliated company in order to obstruct the industrial bank of Japan's request that the land be auctioned.

Sasaki was arrested a few hours after the Metropolitan Police Department, the Tokyo Regional Taxation Bureau and the Tokyo District Public Prosecutors Office launched a search of the head office of Togensha and premises of the company's affiliates.

Togensha is the second major "jusen" debtor to be investigated by Japanese authorities after Sueno Kosan, an Osaka-based realtor, was raided in April.

Asked to comment on the Togensha raid, Prime Minister Ryutaro Hashimoto told reporters, "they should do it if there are illegalities..."

Chief Cabinet Secretary Seiroku Kajiyama also said Monday's raid followed strong public anger against "wicked" borrowers.

The government will be watching development of the investigation, the top government spokesman told a press conference.

Sasaki is also suspected of having concealed tens of millions of yen in income from the sale of a condominium in Tokyo in violation of the income tax law.

Togensha, which bought the 3,200-square-meter plot in Hakone, Kanagawa Prefecture, in 1989, used the land as additional collateral for over 20 billion yen in loans from the industrial bank of Japan, the largest of the country's three long-term credit banks.

The bank planned to file a request with the Yokohama district court's Odawara branch to auction off the land after Togensha failed to repay the loans on schedule.

But Togensha allegedly blocked the auction by drawing up a false contract leasing the land to a phony affiliate company for 10 years at a rent of 100 yen per square meter, according to sources close to the case.

Togensha borrowed a total of 72.8 billion yen from housing loan companies, making it the sixth largest borrower from the "jusen" companies, which are to be liquidated under a controversial government scheme involving the use of 685 billion yen in tax money.

Japan's 75 trillion yen budget cleared the Diet earlier this month, although the "jusen" allocation has been frozen until a pending bill on the housing loan issue is also approved by the Diet.

Japan: MOF Welcomes Arrest of 'Jusen' Debtor Togensha's Head

OW2705121896 Tokyo KYODO in English
1153 GMT 27 May 96

[FBIS Transcribed Text] Tokyo, May 27 KYODO — A senior official of the Finance Ministry [MOF] welcomed Monday [27 May] an arrest of the president of Tokyo-based realtor Togensha, a major borrower from "jusen" housing loan companies, as a step toward clarifying borrower responsibility in the housing loan fiasco.

Vice Finance Minister Tadashi Ogawa said at a press conference, "clarifying the responsibility (of the borrowers) is welcome with a view to increasing the people's understanding" of a government scheme to use 685 billion yen in taxpayers' money for the liquidation of the failed jusen firms.

Earlier in the day, Kichinosuke Sasaki, 63, was arrested on suspicion of obstructing the auction of a company-owned tract of land. Togensha is the second major housing loan firm debtor to be investigated by Japanese authorities after Sueno Kosan, an Osaka-based realtor, was investigated earlier this month.

The Finance Ministry has pledged it will clarify the responsibility of the parties in jusen fiasco as a condition for implementing the government scheme.

Meanwhile, Ogawa reiterated the ministry's call for banks that founded the housing loan companies to bear more of the burden of the liquidation scheme, saying, "we hope for their cooperation."

The ruling coalition has urged the founder banks to assume more of the burden for the liquidation scheme on grounds that major banks marked record net business profits, or profits from their core banking operations like lending, in the year which ended March 31.

Japan: 'Jusen' Disposal To Cost 2.5 Trillion Yen Over 5 Years

OW2705133396 Tokyo KYODO in English
1311 GMT 27 May 96

[FBIS Transcribed Text] Tokyo, May 27 KYODO — The planned liquidation of seven insolvent "jusen" housing loan companies is expected to cost financial institutions a total of around 2.5 trillion yen in the coming five years, according to government data presented to a Diet committee session Monday [27 May].

The cost does not include financial burden on agricultural cooperatives that are expected to go bankrupt.

The data were submitted to the special committee on financial affairs in the House of Representatives by government agencies, including the Ministry of Finance (MOF), at the request of the primary opposition Shinshinto (New Frontier Party) and the Japan Communist Party.

While premiums paid to Deposit Insurance Corp. by member financial institutions have been raised fourfold starting in fiscal 1996 that began in April, the data estimate that the outstanding balance of premiums held by the corporation will be 220 billion yen in five years even if premiums are increased sevenfold.

The MOF rejected the two opposition parties' request for the minutes of discussions of the Financial System Research Council, an advisory panel to the finance minister, which gave the nod to a government scheme to liquidate the housing loan firms with public money.

Japan: Minister: No Taxpayer Cost for Failed Credit Unions

OW2805041196 Tokyo KYODO in English
0336 GMT 28 May 96

[FBIS Transcribed Text] Tokyo, May 28 KYODO — Japan's depositor protection system will be able to cope with possible failures of credit unions without using taxpayers' money, Finance Minister Wataru Kubo said Tuesday [28 May].

The amount of premiums accumulated by Deposit Insurance Corp. and a planned premium rate hike would be able to protect depositors from possible failures of credit unions without the use of taxpayers' money, Kubo said at a news conference.

He was commenting on a financial bill designed to create a special fund at Deposit Insurance Corp. to deal with failures of credit unions over a five-year period. The corporation will establish the special fund by collecting additional premiums from member institutions.

The bill stipulates that taxpayers' money should be introduced as a last resort if the corporation cannot cover losses stemming from failures of credit unions.

Kubo said this provision was attached to the bill to secure confidence in the financial system and its stability by guaranteeing public involvement in case of emergency.

Japan: Banker Seeks Continued Easy Monetary Policy

OW2805100296 Tokyo KYODO in English
0905 GMT 28 May 96

[FBIS Transcribed Text] Tokyo, May 28 KYODO — The leader of a banking industry group said Tuesday [28 May] that he hopes that the Bank of Japan (BOJ) will maintain its easy monetary policy until it becomes clear whether the economy is on a full recovery track.

"The current easy monetary policy should be maintained. Higher interest rates could bring down Japan's budding economic recovery," Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan, said at a news conference.

Hashimoto, president of Sakura Bank, also said it will be difficult for commercial banks to further contribute to a government plan to liquidate seven failed housing loan companies.

Hashimoto said it is still uncertain whether the current moderate economic recovery will develop into a "self-sustainable" recovery.

The pickup in the economy has so far been led by public investment under the government's pump-priming package and an improvement in corporate earnings through restructuring efforts, he said.

Amid growing calls for rebuilding Japan's tight fiscal conditions, however, it may be difficult for the government to take additional fiscal action when the buoying effects of the package weaken later this year, Hashimoto said.

Corporate restructuring efforts could prove negative for the economy, dampening the consumer's desire to purchase, he said.

"If interest rates are raised under such circumstances, it could throw cold water on the economy's upward momentum," Hashimoto said.

It will be necessary to closely monitor the economy, based on the BOJ's "tankan" business sentiment survey and other economic indicators to be released in the second half of this year, he said.

On the liquidation scheme for the failed jusen companies, meanwhile, Hashimoto said, "in the banking industry, there is no mood for voluntarily shouldering of further liquidation burdens."

Commercial banks have already made legally allowable maximum efforts and further contributions to the scheme will lead to the rupture of the liquidation accord, he said.

Under the scheme, the seven jusen companies will be dissolved with the help of 685 billion yen in taxpayers' money.

The scheme calls on banks that founded the jusen companies to abandon all their loans to them, which total some 3.5 trillion yen.

Amid public criticism of the scheme, the government is seeking greater liquidation burdens from the founder banks and other creditor institutions.

Japan: Legislative Steps Eyed To Deter Lawsuits Over 'Jusen'

OW2805123496 Tokyo KYODO in English
1054 GMT 28 May 96

[FBIS Transcribed Text] Tokyo, May 28 KYODO — Prime Minister Ryutaro Hashimoto indicated Tuesday [28 May] in the Diet the government may consider writing a bill to protect bank executives from lawsuits possibly being filed against them by shareholders over seven moribund "jusen" housing loan companies.

Hashimoto told an ad hoc committee on the financial system in the House of Representatives he has the impression that such a legal measure would be important if it affects court rulings.

Banks which founded the housing loan companies have abandoned all their claims against the companies, but they have refused to shoulder additional financial burdens, citing the possible filing of lawsuits by shareholders.

Justice Minister Ritsuko Nagao told the same session such a law could be a key factor for court rulings if an additional burden by banks is designed to preserve the stability of Japan's financial system.

Hashimoto and Nagao made the remarks in the course of discussions on the possibility of shareholders filing lawsuits against bank executives seeking damage if the banks agree to shoulder additional burdens to liquidate the housing loan companies.

At Monday's press conference, Chief Cabinet Secretary Seiroku Kajiyama also sounded positive about the use of a legal step to prevent lawsuits by the shareholders.

"The government is ready to use any reasonable means for the settlement of the mortgage-firm issue ahead of the current Diet session's June 19 end if the financial industry finds possible lawsuits by the shareholders a major bottleneck," Kajiyama said.

Banks, which are founders of the mortgage loan companies, have come under growing pressure from the government and ruling parties to bear a heavier burden than asked in a government scheme to liquidate the virtually bankrupt firms.

The government scheme calls for founder banks to give up all claims on the companies and disbursement of tax money totaling 685 billion yen to settle the affair.

Finance Minister Wataru Kubo defended the government plan, saying it is an adequate step to seek the founder banks' responsibility over the mortgage-company affair.

Japan: Former Credit Union Heads Arrested in Mortgage Fraud

OW2905002996 Tokyo KYODO in English
2352 GMT 28 May 96

[FBIS Transcribed Text] Osaka, May 29 KYODO — Two former executives of the now defunct Kizu Credit Union were arrested Wednesday [29 May] for allegedly selling mortgage securities which they knew could not be redeemed, Osaka police said.

They are Minoru Kagiya, the 62-year-old former president of the Osaka-based credit union, and Hachinosuke Kido, the credit union's 64-year-old former managing director, police said.

Kagiya and Kido are suspected of having sold securities issued by a mortgage security concern affiliated with Kizu Credit to more than 70 customers for about 170 million yen last August. They allegedly told customers that the principal was guaranteed despite knowing the securities could not be redeemed at maturity.

The mortgage securities were sold with maturities ranging from one year to three years Aug. 22 and 23, 1995, about a week before Kizu collapsed under the weight of a huge amount of bad loans.

Seventy-nine of the purchasers have jointly filed a criminal complaint against Kagiya and other former Kizu officials accusing them of selling the securities even though they knew the company that issued the paper would soon be forced to cease operations due to Kizu's financial trouble.

Kagiya and some other former Kizu credit executives are also being investigated on suspicion of breach of trust for alleged illegal loan transactions.

Japan: 'Police Sources': Togensha Built House To Block Auction

OW2905101596 Tokyo KYODO in English
0316 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Tokyo-based realtor Togensha, a major borrower from the failed mortgage firms or "jusen," paid for construction of a makeshift house on a tract of land put up as collateral for loans to block its auction, police sources said Wednesday [29 May].

They said Togensha paid 2 million yen by check to a Tokyo builder for the 13-square-meter house on a 3,200-square-meter plot in Hakone, a hot spring resort southwest of Tokyo.

The wife of the president of Togensha ordered the construction in her capacity as a managing director of the company early last year, the sources said. The house was built in early May last year and registered as the property of a Togensha affiliate on July 4, 1995.

Togensha President Kichinosuke Sasaki, 63, and his wife, Tsuya, 62, were arrested Monday on suspicion of obstructing the auction of the land in Hakone.

They are suspected of falsifying a lease contract on the land to an affiliated company in order to obstruct the Industrial Bank of Japan's request that the land be auctioned.

The land in question was put up as collateral for more than 20 billion yen in loans from the bank.

A court ordered the Togensha affiliate last October to remove the house within seven days. The affiliate initially ignored the court order but dismantled the house in May when Togensha came under fire for blocking the auction of the land.

Japan: Kajiyama Accuses Banking Group Leader of 'Arrogance'

OW2905075196 Tokyo KYODO in English 0416 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — A top government spokesman Wednesday [29 May] accused the leader of a banking industry group of "arrogance" in reportedly saying that people outside the Bank of Japan should not express opinions on interest rates.

"Banks are not gods, banks are not the law. It is regrettable if he asked others to keep silent. We have to rectify such arrogance," Chief Cabinet Secretary Seiroku Kajiyama told a press conference.

Kajiyama was referring to a report in Wednesday's YOMIURI SHIMBUN on a news conference held Tuesday by Shunsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan.

The newspaper quoted Hashimoto as saying that, "financial policy is the exclusive jurisdiction of the bank of Japan. Those from (circles) other than the Bank of Japan should not ask to do something about it," an apparent criticism of Kajiyama's remarks last week that banks should reconsider low interest rates on behalf of depositors.

During Wednesday's press conference, Kajiyama said banks should not use their profits only to make up for their losses resulting from the lack of ability of banks' management.

Banks should use part of their profits for their shareholders and depositors, he said.

Thanks to strong profits from lending and bond dealing at a time of record low interest rates, 20 major commercial banks registered a combined record high profit of some 4,770 billion yen from their core banking businesses in the fiscal year ended March 31.

But the profits were largely used to cover massive write-offs of problem loans to failed "jusen" housing loan companies and others.

As a result, the banks have reported their worst overall earnings results in the postwar era for the business year.

Japan: Farm Banks Cite 60 Billion Yen in Bad Loans

OW2905065596 Tokyo KYODO in English 0505 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Japan's agricultural-affiliated financial institutions held bad loans in excess of 60 billion yen to nonbank financing companies — excluding "jusen" housing loan companies — as of the end of March, Farm Minister Ichizo Ohara said Wednesday [29 May].

Speaking at a session of a House of Representatives Special Committee on Financial Problems, Agriculture, Forestry and Fisheries Minister Ohara said exposure of the farm-linked financial groups to nonbanks totaled 6.6 trillion yen at the end of March.

"I have heard that of the total, more than 60 billion yen worth of loans have gone sour," Ohara said. He said the figure needs careful examination and he is "gravely concerned" about the nonperforming loans.

Ohara gave the figures in response to questions from Mutsuki Kato, a lower house member of the main opposition party Shinshinto (New Frontier Party).

The outstanding balance of nonbank-bound loans of farm-linked financial institutions totaled 7.7 trillion yen at the end of March 1995, of which some 58 billion yen worth were nonperforming, according to the Agriculture, Forestry and Fisheries Ministry.

Farm-affiliated financial groups make up the largest collective creditor to the seven housing loan companies now facing liquidation.

The lower house special committee is deliberating six bills related to the "jusen" liquidation scheme and other financial problems.

Asked about a planned increase in premiums for the agriculture-linked institutions' deposit insurance system and an expected expansion of other mutual support systems, Ohara said a "flexible review" of such measures will be necessary, though they are enough to cope with failures for the time being.

On the government-devised scheme for jusen liquidation now being discussed by the panel, Finance Minister Wataru Kubo said it is "the best possible step that can be taken today," and called for early parliamentary endorsement of a bill for the scheme.

The plan is facing intense public criticism because it requires the use of 685 billion yen in taxpayers' money to help resolve the problems created by the jusen firms.

Chief cabinet secretary Seiroku Kajiyama told the panel the government will strive to reduce the burden on taxpayers on condition that the parliament passes the jusen liquidation bill.

"(Reduction in the public burden) should be possible to the extent that it will not change the framework of the scheme," he said. "We want to listen to the public and make efforts (for the reduction)."

Meanwhile, Shinshinto's Kato repeated the party's demand for the summoning before parliament of Liberal Democratic Party (LDP) Secretary General Koichi Kato (to whom he is not related) for allegedly accepting illegal political donations from a jusen-related company in 1990.

The LDP's Kato is alleged to have received 10 million yen in suspect donations from Kyowa, a now-defunct steel frame maker and a major debtor of one of the seven jusen companies.

The ruling coalition — the LDP, the Social Democratic Party and New Party Sakigake — is refusing to accept the Shinshinto call for summoning of Kato. The row delayed until Tuesday substantive deliberations in the lower house panel, which was established on April 19.

Japan: Hashimoto Says Banking Leader 'High-Handed'

OW2905120596 Tokyo KYODO in English 1137 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Prime Minister Ryutaro Hashimoto on Wednesday [29 May] criticized the leader of the banking industry for being "high-handed" in reportedly ruling out outsiders' opinions on interest rates.

The premier's remarks followed another remark earlier in the day by Chief Cabinet Secretary Seiroku Kajiyama, the top government spokesman, about Shuhsaku Hashimoto, chairman of the Federation of Bankers Associations of Japan.

Wednesday's YOMIURI SHIMBUN newspaper quoted the banking industry leader as saying in a press conference Tuesday, "financial policy is the exclusive jurisdiction of the Bank of Japan. Those from (circles) other than the Bank of Japan should not give their opinions about it," in apparently criticizing Kajiyama's remarks last week that private banks should reconsider low interest rates on behalf of depositors.

"Both Mr. Kajiyama and I know that the official discount rate is the exclusive jurisdiction of the Bank of Japan. But it is quite much that he can be so high-handed amid (public) criticism (of banks)," the prime minister told reporters.

Kajiyama said in his press conference, "banks are not gods, banks are not the law. It is regrettable that he has asked others to keep quiet. We must rectify such arrogance."

The top government spokesman said banks should not use their money only to make up for their own losses, which he said results from bank management's lack of ability, but for the good of shareholders and depositors as well.

The nation's 20 major banks reported a combined record high core business profit of some 4,770 billion yen in fiscal 1995 ended March 31 because of a continued easy money policy by the central bank.

Banks are under fire for their responsibility in the failure of seven "jusen" housing loan companies. The government has proposed to use taxpayers' money to liquidate the moribund mortgage companies.

Japan: Kubo Comments Further on Taxpayers' Burden on 'Jusen'

OW2905123596 Tokyo KYODO in English 1200 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — Finance Minister Wataru Kubo said Wednesday [29 May] the government has yet to draw up a blueprint for additional burdens from banks for the liquidation of failed "jusen" housing loan companies.

"There have been discussions on various proposals on the additional burden issue, but the government has yet to find measures which provide confidence that it can agree with the banks on them," Kubo said.

In setting measures for additional burdens, the government will consider whether they will lead to the eventual elimination of taxpayers' burdens in the liquidation scheme, he said.

Prime Minister Ryutaro Hashimoto showed a positive stance Tuesday on writing a bill to protect bank executives from possible damage suits to be filed by shareholders if banks accept additional burden calls.

Kubo only said this is one possible option.

The government-brokered scheme calls on banks that founded the jusen to abandon all their loans to those companies. Under the scheme, however, part of the loan losses at the jusen will be covered by using taxpayers' money.

Amid public anger at the scheme, the government is now seeking additional contributions from banks to have them offset the tax money.

Japan: Tokyo: 'Jusen' Disposal Scheme 'Unavoidable'

OW2905143596 Tokyo KYODO in English 1412 GMT 29 May 96

[FBIS Transcribed Text] Tokyo, May 29 KYODO — The government Wednesday [29 May] defended a publicly funded scheme to liquidate failed "jusen" housing loan companies from criticism that bankrupt private-sector companies should be dealt with under a law pertaining to corporations.

At a session of an ad hoc committee of the House of Representatives, Yoshimasa Nishimura, director general of the finance ministry's Banking Bureau, said it was unavoidable for the government to have presented a liquidation scheme to settle the bad loan mess at the housing loan companies.

"It is difficult to come to an agreement among the groups concerned under the procedures of the corporation reorganization law," he said.

Nishimura also said rehabilitating the mortgage loan companies will be difficult.

Last December, banks that founded the housing loan firms and creditor institutions accepted a government scheme to liquidate the housing loan companies, which are saddled with huge problem loans.

The plan is facing intense public criticism as it calls for the use of 685 billion yen in taxpayers' money to help clean up the bad loan mess created by the loan firms.

The lower house committee dealing with the issue is now discussing six government-proposed financial bills, including legislation to put the liquidation scheme in place.

Asked why the government plans to allow the use of the corporation reorganization law on the failed credit unions, Nishimura said the credit unions should in principle be dissolved.

In view of the stabilization of domestic regional economies, however, the government can legally allow the failed credit unions to make a fresh start, he said.

At the committee session earlier in the day, Finance Minister Wataru Kubo called for an early enactment of the jusen bill to secure domestic and overseas confidence in Japan's financial system.

The government scheme is "the best possible step that can be taken today," Kubo said.

Agriculture, Forestry and Fisheries Minister Ichizo Ohara, meanwhile, told the same session that farm-linked financial institutions are heavily exposed not only to the jusen companies but to other nonbank financing companies.

As of the end of March, the outstanding balance of loans made by agricultural financial institutions to nonbanks other than the jusen companies totaled 6.6 trillion yen, of which more than 60 billion yen went sour, he said.

According to the farm ministry, the balance of nonbank-bound loans by farm-linked financial institutions came to 7.7 trillion yen at the end of March 1995, of which some 58 billion yen were nonperforming.

Ohara said the latest figure needs "careful examination" and that he is "gravely concerned" about the adverse effects of the nonperforming loans on farm lenders' operations.

Japan: Hashimoto Renews Call for More 'Jusen' Burden From Banks

OW3005060696 Tokyo KYODO in English 0453 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 30 KYODO — Prime Minister Ryutaro Hashimoto on Thursday [30 May] reiterated his policy of continuing to seek additional contributions from banks for a government-proposed scheme to liquidate failed "jusen" housing loan companies.

"Banks that founded the jusen companies should understand how strictly the people are looking at them," Hashimoto said at a session of the ad hoc committee of the House of Representatives on financial problems.

In discussions so far held in the diet, there has been no argument that the founder banks' burden in the liquidation scheme is too heavy, Hashimoto said.

The scheme calls on the founder banks to abandon all their loans to the housing loan companies, while part of loan losses at those companies would be covered using taxpayers' money.

Amid strong public criticism of the scheme, the government is now seeking additional contributions from the founder banks and others to have them offset the tax money.

Hashimoto's renewed call for additional burden met strong objection from the banking industry.

An executive at a major bank said, "the founder banks have already made the maximum efforts legally allowable."

Additional contributions could trigger damage suits from shareholders, and some banks would not be able to bear such costs, the official said.

A source close to the banking authority, meanwhile, voiced concerns that haggling between the government and banks could lead to the collapse of the liquidation scheme.

If the government forces the founder banks to shoulder further liquidation costs, they may abandon the government-brokered scheme and take procedures under the corporate rehabilitation law, the source said.

At the committee session, Hashimoto expressed support for studying measures to activate real estate transactions in a bid to help recover loans of the "jusen" companies through sales of land offered as collateral.

To increase the liquidity of the land market is an important way to clean up the bad-loan mess of the housing loan companies, he said.

Hashimoto also stressed the need for government ministries and agencies to avoid a turf war and for them to join forces to rebuild Japan's strained finances.

North Korea

DPRK: Daily Condemns ROK 'Offensive' Against Hanchongnyon

SK3005105996 Pyongyang KCNA in English 0746 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The Kim Yong-sam group has launched a fascist reactionary offensive against pro-reunification patriotic democratic forces including the South Korean Federation of University Student Councils (Hanchongnyon), in order to block the movement of students and people for independence, democracy, and reunification and prolong its "civilian" fascist dictatorship. But, it is a silly dream, says NODONG SINMUN in a by-lined commentary today.

It continues:

The Kim Yong-sam group is taking the fascist offensive against the leadership of "Hanchongnyon", alleging that the leadership of the organization is "controlled by a pro-North national liberation circle" and "its pro-North tendency has already transcended the danger line".

The Kim Yong-sam group is connecting the activities of "Hanchongnyon" with the North describing its independent movement and assertion as "pro-North tendency". This is a far-fetched inconvincible manner.

"Hanchongnyon" at its 4th-term inaugural ceremony made public a declaration calling for signing of the DPRK-U.S. peace agreement, opening of the grand national reunification march and realization of reunification through confederacy. This is righteous because any organisation aspiring after the national reconciliation, unity and reunification cannot raise other assertion different from it under the present-day's situation.

It is ridiculous for the Kim Yong-sam group to label "Hanchongnyon" as an "organisation benefitting the enemy" on the pretext of the commonness of its "view on reunification" and the North's theory on national reunification.

It is a very self-evident reason that the fellow countrymen in the North and the South can have common views concerning the vital problem of the nation such as national reunification and many commonness make the country reunify easily and early.

The Kim Yong-sam group regards "Hanchongnyon" and other democratic organisations of South Korea as a target of suppression because their assertion is in common with that of the North. This fully reveals their anti-national, anti-reunification colors negating reconciliation, dialogue and reunification with the North.

DPRK: Pomminnyon Statement Decries Kim Yong-sam 'Fascist Clique'

SK2905051396 Pyongyang KCNA in English 0323 GMT 29 May 96

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) made public a statement on May 25, condemning the Kim Yong-sam fascist clique for passing prison terms on its three hard-core members including Vice-Chairman Chon Chang-il and central member Kim Pyong-kwon, according to a report.

The statement said that the traitor Kim Yong-sam who imprisoned patriotic reunification champions by dint of the "National Security Law" is an anti-reunification element blocking national reunification, the ardent desire of the 70 million fellow countrymen.

Pomminnyon denounces the anti-reunification act and "spy" plot of the present "government", urges the Kim Yong-sam "government" once again to abolish the "National Security Law," an obstacle to national reunification, set free the reunification champions and thoroughly implement the North-South agreement and warns it against suppressing Pomminnyon and delaying the release of all the detainees.

DPRK: Military 'Sources' on South's 'Provocations' 24-28 May

SK3005034496 Pyongyang KCNA in English 0335 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The South Korean puppets have turned the Demilitarized Zone into a heavily militarized zone, a starting position of attack against the North and continued provocations against the North along the Military Demarcation Line, according to military sources.

From May 24 to 28 they leveled guns and large-calibre machineguns at our side from near the Military Demarcation Line in the western, central and eastern sectors of the front, getting on the nerves of people's army soldiers.

On May 27 and 28 some 1,200 armed bandits of the puppet army were in a war frenzy near the Military Demarcation Line.

Many puppet army officers came out to the Military Demarcation Line in the western sector of the front, carrying military maps and reconnoitering apparatuses with them and had a mock operation against the North on May 26.

The puppets drove 150 military trucks carrying armed soldiers and equipment into the central sector of the front between May 24 and 28.

DPRK: Yi In-mo Arrives in New York for Medical Treatment

SK3005120796 Pyongyang KCNA in English
1125 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — Yi In-mo, who is known as the incarnation of faith and will, arrived in New York by air today for medical treatment.

He was warmly met at the airport by the chief of the parmanent mission of the DPRK to the United Nations, members of the mission and their families.

He was seen off in Beijing by Chu Chang-chun, Korean ambassador to China, and embassy officials and he made a stop-over at Narita Airport via Beijing on Wednesday.

At the airport he received a floral bouquet sent by the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) and regards extended by Chairman Han Tok-su and Chief Vice-Chairman Ho Chong-man and other leading officials of the Chongnyon Central Standing Committee.

DPRK: NEW YORK TIMES on Japan's Aims for Overseas Expansion

SK3005114096 Pyongyang KCNA in English
0807 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The U.S. newspaper NEW YORK TIMES May 28 said that the Japanese Government was closely examining the military role and attitude of Japan in case another war breaks out in Asian region, the Korean Peninsula in particular, according to a report.

The newspaper pointed out that Japan is seeking to revise the war-renouncing constitution, an obstacle to expanding its military role in an attempt to become a military power and dominate East Asia, despite the opposition of neighbouring countries.

This shows that Japan's ambition for overseas expansion aiming at the Korean Peninsula is becoming all the more undisguised.

DPRK: Daily Denounces Ideological, Cultural 'Infiltration'

SK3005083396 Pyongyang KCNA in English
0754 GMT 30 May 96

["NODONG SINMUN on Frustrating Ideological and Cultural Infiltration by Imperialism" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — NODONG SINMUN today in a by-lined article stresses the need to thoroughly frustrate the ideological and cultural infiltration by imperialism which has become all the more vicious.

Only when we heighten our vigilance against the ideological and cultural infiltration by imperialism and completely foil it can we prepare the people to be communist men firmly qualified ideologically, mentally and morally and defend and glorify socialism, the daily says, and continues:

The corrupt reality of capitalist society shows that people cannot be trained to be communist men prepared in ideology, mentality and morality if the reactionary ideology and culture circulated by the imperialists are not thoroughly opposed and rejected.

The ideological and cultural infiltration is a major move of the imperialists to stifle socialism. It is a means of aggression and intervention committed by them on the pretext of "cooperation" and "exchange," and a vicious method of paralyzing the sound ideology and consciousness of the people and degenerating them with the reactionary bourgeois ideology and morality.

If the people are affected by bourgeois morality, their revolutionary consciousness is paralyzed and they become mentally crippled and in the long run, socialism cannot be defended. This is a serious lesson drawing from the course of the collapse of socialism in some countries that allowed the ideological and cultural infiltration by imperialism.

The key to advancing and triumphantly accomplishing socialism lies in heightening the revolutionary vigilance against the ideological and cultural infiltration by imperialism and completely foiling it.

DPRK: SKNDF Mission Officials Help Farmers Transplant Rice

SK2705044396 Pyongyang KCNA in English 0419 GMT 27 May 96

[FBIS Transcribed Text] Pyongyang, May 27 (KCNA) — Chief Yi Chong-sang and officials of the Pyongyang mission of the National Democratic Front of South Korea (NDFSK) [SKNDF] visited the Haksan cooperative farm, Hyongjesan District, Pyongyang, and helped farmers in rice-transplanting on Sunday, out of the desire to promote the reunification of the country.

During the break they inspired the farmers who were working hard to increase grain production to further develop and reliably defend the socialist homeland built by the great leader President Kim Il-song and glorified by the great leader General Kim Chong-il.

The visitors and farmers deepened compatriotic feelings, pledging to make efforts together to promote national reunification, the desire of the nation, this year which has been set a "year of peace and great national unity."

DPRK: Foreign Embassy Officials Aid in Rice Transplanting

SK3005043296 Pyongyang KCNA in English 0348 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — Rice-transplanting is now in full swing at rural villages throughout Korea.

Cooperative farmers are stepping up rice-transplanting as required by the chuche farming method with their desire to harvest bumper crops this year.

Foreign embassy officials are helping them in transplanting rice seedlings.

Ambassadors, charge d'Affaires ad interim and officials of Pakistani, Indonesian, Algerian, Cuban, Cambodian and Polish embassies went to the cooperative farms which have friendship relations with their countries.

At a breathing time they sang songs and talked with co-op farmers, deepening the friendship.

DPRK: NODONG SINMUN Lauds Kim Chong-il Letter on Chongnyon

SK2405145396 Pyongyang KCNA in English 0836 GMT 24 May 96

["Great Program for Development of Overseas Compatriots Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — NODONG SINMUN today dedicates an article to the first anniversary of the historic letter "On Developing the Movement of Koreans in Japan Onto a New Higher Stage" (May 24, 1995) sent by the respected Comrade Kim Chong-il to the General Association of Korean Residents in Japan (Chongnyon) and Koreans in Japan on the occasion of the 40th anniversary of the formation of Chongnyon.

The historic letter is a great patriotic line of the chuche-based movement of overseas Koreans and a highly important guideline of certain victory which could be put forward only by the respected General Kim Chong-il, who is looking after the Koreans in Japan with his paternal loving care identical to the high intention and warm benevolence of the Great Leader Comrade Kim Il-song, the signed article says, and continues:

The letter is a highly important work which comprehensively indicates the historic task of the Korean people to carry forward and accomplish down through generations the revolutionary cause of chuche started and led by Comrade Kim Il-song, the basic mission of the movement of Koreans in Japan, the basic work orientation, central tasks and ways of their fulfillment to effect a new turn in the movement to meet the requirement of the developing reality.

The central tasks of Chongnyon including the matter of defending the democratic national rights and interests of the Koreans in Japan, developing national education and preserving nationality, the matter of defending the socialist homeland and making tangible contributions to its prosperity and development and the matter of more powerfully waging the movement for national reunification and actively conducting external activities in the idea of independence, peace and friendship, which were clarified by General Kim Chong-il, are the most realistic fighting program conforming to the essence of the overseas compatriotic movement and the aspiration and demand of the compatriots.

Only victory and glory are in store for Chongnyon and compatriots in Japan that are upholding the leadership of Comrade Kim Chong-il with loyalty and filial piety, united around him in one mind.

DPRK: Chongnyon Sends Letter to Kim Chong-il 24 May

SK2505101396 Pyongyang KCNA in English 0806 GMT 25 May 96

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The Great Leader Marshal Kim Chong-il received a letter from the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) on May 24 on the occasion of the 1st anniversary of "On Developing the Movement of Koreans in Japan Onto a New Higher Stage", a historic letter sent by him to Chongnyon and Koreans in Japan on May 24, 1995.

The letter notes that the historic letter sent by the Great General Kim Chong-il is a great patriotic program that comprehensively elucidated the main orientation, basic tasks and correct ways of training the younger generation of Japan-resident Koreans as creditable successors to and eligible masters of the patriotic cause of chuche and firmly rallying all of them of various strata under the noble banner of believing in the people as in heaven and patriotism, so as to develop the movement of Koreans in Japan onto a new higher stage.

Through the vigorous national, patriotic movement over the past one year, Chongnyon and Koreans in Japan could lay precious organizational and ideological foundations to create a new time of fresh change and progress in the movement of Koreans in Japan along the road indicated by the letter, the letter says.

Expressing the resolution of all Chongnyon officials and Koreans in Japan to carry out the tasks set forth in the letter as a whole, the Central Standing Committee of Chongnyon stressed they will resolutely defend the respected General Kim Chong-il, in any adversity, with the unshakable conviction that they will emerge victorious as long as they are led by the general.

We will resolutely defend the socialist homeland, give tangible contributions to the prosperity and development of our country and our motherland and devote ourselves to the cause of reunification through confederacy, it says.

The letter sincerely wishes Marshal Kim Chong-il a long life in good health.

DPRK: Chongnyon Holds Symposium on Opposing 'Suffrage Farce'

SK2405141596 Pyongyang KCNA in English 0838 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A symposium on the subject of "National Sovereignty and 'Suffrage' Farce" took place in Tokyo on May 21 as part of the struggle to expose the essence of the farce by some "Mindan"-lining vicious cadres, its harm and deception and check and frustrate it.

Present there were officials of the General Association of Korean Residents In Japan (Chongnyon) and other Koreans in Japan.

The speakers said that the "suffrage" farce is used not only as a guide to the Japanese authorities' policy of naturalization and assimilation but as a political means of the anti-Chongnyon moves. They denounced it as an act of trampling underfoot the national sovereignty of Koreans in Japan.

Chongnyon has waged a powerful campaign for defending the rights of the Koreans in Japan in the past, the speakers said, stressing that the compatriots should continue struggling against the "suffrage" farce.

DPRK: Visiting Chongnyon Groups Honor Kim Il-song 25 May

SK2605104596 Pyongyang KCNA in English 0658 GMT 26 May 96

[FBIS Transcribed Text] Pyongyang, May 26 (KCNA) — A delegation and home-visiting groups of the General Association of Korean Residents in Japan (Chongnyon) and home-visiting groups staying in the socialist homeland laid floral baskets before the statue of the Great Leader President Kim Il-song on Mansu Hill on May 25 on the occasion of the 41st anniversary of the formation of Chongnyon.

Yi Tae-hui, an official of the Association of Korean Social Scientists in Japan, vowed to cherish the faith that the respected leader Generalissimo Kim Il-song is always with him and remain loyal to the Great General Kim Chong-il as he showed fidelity to the generalissimo as a generation that enjoyed a worthy life under the care of the generalissimo.

DPRK: Japanese Right-Wing Suppression of Korean Students Decried

SK2605104696 Pyongyang KCNA in English 0656 GMT 26 May 96

[FBIS Transcribed Text] Pyongyang, May 26 (KCNA) — The rightist-wing Japanese reactionaries' brutal suppression of students of Korean schools in Japan is denounced by overseas Koreans and world public.

The Council of Christians Overseas for National Unification in Germany in a statement dated May 15 said that the Japanese reactionaries' outrages in April were not an act of some sullied elements, but a dangerous political terrorism of the Japanese reactionaries against the Democratic People's Republic of Korea.

The statement bitterly denounced the outrages as an insult to the whole Korean nation and unpardonable political crime, and demanded that the Japanese authorities admit that these outrages are a crime against peace and reunification on the Korean Peninsula and bear the responsibility for it.

A Switzerland-resident Korean Choe Ki-hwan demanded that the Japanese reactionaries immediately punish the criminals, make an apology for it and work hard to remove the root cause of the abnormal incidents.

The Pakistani paper MUSLIM called attention to the fact that the Democratic People's Republic of Korea warned that it would never pardon the crimes committed by the rightist-wing Japanese reactionaries for the sinister political purpose of doing harm to the DPRK and suppressing the General Association of Korean Residents in Japan and Korean citizens in Japan.

DPRK: DPRK-Japan Friendship Festival Held in Tokyo

SK3005113996 Pyongyang KCNA in English 0805 GMT 30 May 96

[FBIS Transcribed Text] Tokyo, May 28 (KNS-KCNA) — The Second Pyongyang-Tokyo Friendship Festival held on May 26 expressed the resolution to work for the normalisation of diplomatic relations between the DPRK and Japan by intensifying exchange between citizens of Pyongyang and Tokyo.

It was held in Tokyo with the participation of some 25,000 Japanese citizens and Korean Residents in Japan.

Present on invitation were members of the Pyongyang municipal delegation led by Chang In-su, vice-chairman of the Pyongyang Municipal People's Committee.

Yoshio Udagawa, chairman of the Tokyo Metropolitan Assemblymen's League for the Promotion of Japan-Korea Friendship and chief member of the Society for Friendship and Exchange Between Tokyo and Pyongyang, said in his speech that he was convinced that the festival would mark an occasion of intensifying friendship and exchange between Tokyo citizens and Koreans in Japan and development of friendly relations between Tokyo and Pyongyang and contribute to accelerating the normalisation of diplomatic relations between the two countries.

Koreans in Japan, students of Korean universities and Japanese citizens gave a colorful art performance at the festival.

DPRK: NODONG SINMUN: 'Chuche Idea Is Centerpiece' of WPK

SK2505100696 Pyongyang KCNA in English 0801 GMT 25 May 96

["Education in Chuche Idea Is Centerpiece of WPK's Ideological Work, Says NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The chuche idea is the only guiding idea of the Workers' Party of Korea and it is the party's invariable position to invigorate the ideological work with main stress put on the education in the chuche idea, says NODONG SINMUN in an article today.

It quotes the Great Leader Comrade Kim Chong-il as saying:

"The chuche idea is the revolutionary idea, the socialist ideology which our people must acquire. The essence of our party's ideological work is education in the chuche idea."

The daily notes:

Comrade Kim Chong-il, basing himself on a deep insight into the great significance and importance of the education in the chuche idea in the WPK's ideological work, put forward a revolutionary policy of invigorating the ideological work with emphasis laid on the education in the chuche idea.

The policy is just because it fully agrees with the purpose of the party's ideological work and indicates the most scientific and revolutionary way of rearing the people to be genuine communist revolutionaries of chuche type.

The main purpose of the ideological work conducted by the WPK, guided by the great chuche idea, is to arm the party members and other working people fully with the chuche idea, the monolithic ideology of the party, train them to be genuine revolutionaries of chuche type, cement the singlehearted unity of the party and the revolutionary ranks and increase the independent and creative role of the popular masses in the revolution and construction.

The education in the chuche idea is a powerful ideological work for arming the party members and other working people with the chuche idea to strengthen the unity of the revolutionary ranks in one thought and one purpose and make the popular masses take the position and play the role as the masters of the revolution and construction.

It makes it possible to awaken the people to consciousness of independence, rally them closely around the party and the leader in one thought and one purpose and on the basis of morality and obligation and dynamically accelerate the revolution and construction.

Through the education in the chuche idea can the party members and other working people thoroughly establish the revolutionary outlook on the leader and fully display loyalty to the party and the leader. And the popular masses can fully discharge their responsibility and role as the masters of the revolution and construction.

The education in the chuche idea is an undertaking for arming the popular masses with the chuche idea, the great guiding idea of the present era, so that they may become genuine revolutionaries of chuche type.

The validity of the afore-said policy has been fully proved by the party's ideological work and the revolutionary practice.

The Korean people are living and struggling, undaunted by any difficulties, with the belief that their leader and party are the greatest and their chuche idea and socialism are the best. This is their noble ideological and mental trait.

DPRK: 'Solidarity Messages' From Foreign Party Leaders Seen

SK2405141096 Pyongyang KCNA in English 0805 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — Foreign party leaders sent solidarity messages to the Central Committee of the Workers' Party of Korea in support of the Korean people's struggle to ease military tension on the Korean peninsula.

Chairman of the Central Committee of the Worker-Peasant Party of Nepal Narayan Man Bijukchhe [name as received] in his message vehemently denounced the United States and its puppets, the South Korean authorities, for rendering the situation of the Korean Peninsula strained and urged the U.S. to stop the war exercises on the peninsula and immediately withdraw the nuclear weapons and the U.S. troops from South Korea.

He said his party was convinced that the Workers' Party and people of Korea would win a brilliant victory in the fight against the move of the U.S. imperialists under the wise leadership of Comrade Kim Chong-il, the great leader of the revolution.

Chairman of the Party for New Society of Romania Victor Voichita in his message said that his party expressed militant solidarity with the WPK in the struggle to defend the peaceful desire and vital interests of the Korean people and all the people of the world on the principle of respect for sovereignty and independence and noninterference in others' interal affairs.

Peace on the Korean Peninsula should be solved by the Korean people themselves without any interference of outside forces, he noted.

General Secretary of the Central Committee of the Communist Party of Syria Youssef Faisal [name as received] in his message reaffirmed full solidarity with the Korean people who are braving the pressure and threat continued by the United States and expressed firm conviction that the Workers' Party and people of Korea would advance toward progress and democracy and reunify the country.

DPRK: CPC Politburo Member Meets DPRK Publishers Delegation

SK2905040296 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 25 May 96

[FBIS Translated Text] On 24 May, Li Tieying, politburo member of the CPC Central Committee and state councillor of the PRC, met a DPRK publishers' delegation headed by Kim Kwan-hoe, vice director of the General Bureau of Publication, at the Great Hall of the People in Beijing. At the meeting, Comrade Li Tieying noted that PRC-DPRK friendship had been formed through blood by overcoming trials. Recalling the days when he was received by the great leader [suryong] Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il, he said that the DPRK people continue to adhere to socialism today, upholding the behest of respected and beloved Comrade Kim Il-song. He praised the DPRK people for being united, overcoming all difficulties, and making strenuous efforts. The director of the PRC Press and Publications Administration and the DPRK ambassador to the PRC were present at the meeting.

DPRK: Army Group Leaves for PRC; Red Cross Delegation Departs

SK2805114196 Pyongyang KCNA in English 1121 GMT 28 May 96

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — A friendly visiting group of the Korean People's Army headed by Colonel General Chong Chang-yol and a delegation of the Korean Christian Federation led by Kang Yong-sop, chairman of its Central Committee, left here today respectively to visit China and Japan.

On the same day, a delegation of officials of the Liberal Democratic Party of Russia headed by Galina Lebedeva [name as received], chairman of the Women's Association aiding the State Duma, arrived in Pyongyang.

A delegation of the League of Red Cross and Red Crescent Societies headed by its General Secretary George Brian Weber left here.

DPRK: PRC, Japanese Groups Arrive; Delegation Leaves for China

SK2905111696 Pyongyang KCNA in English 1019 GMT 29 May 96

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — A friendship delegation of Kangwon Province led by Yi Chong-il, vice-chairman of the Kangwon provincial administrative and economic committee, left here today for a visit to China.

Meanwhile, a Chinese Government economic delegation headed by Shi Guangsheng, vice-minister of Foreign Trade and Economic Cooperation, and a delegation of the Chinese diplomatic personnel service bureau led by its Director Zhang Limin, arrived here today.

A delegation of the Nagano prefectural people's council supporting the independent and peaceful reunification of Korea led by its Chairman Isamu Shimizu, former member of the House of Representatives, a delegation of the Iwate prefectural People's Council for the normalization of Japan-Korea friendship and relations led by its Chairman Takero Obara, a congratulatory group of the Korean Children's Union in Japan to celebrate the 50th anniversary of the foundation of the Korean Children's Union headed by Ho Myong-to, vice-chairman of the Central Committee of the League of Korean Youth in Japan, a delegation of artists under the General Association of Korean Residents in Japan, home-visiting groups of Korean students in Japan, the 263rd home-visiting group of Koreans in Japan, Pak Tu-son, a Korean businessman in Japan, and his party arrived in Wonsan by ship "Mangyongbong-92" on Tuesday for visit to the socialist motherland.

DPRK: Yi Chong-ok, Kim Yong-nam Meet Russian State Duma Group

SK2805113096 Pyongyang KCNA in English 1118 GMT 28 May 96

[FBIS Transcribed Text] Pyongyang, May 28 (KCNA) — Vice-president Yi Chong-ok had a friendly talk with the visiting delegation of the State Duma of the Russian Federation led by its speaker Gennadiy Seleznev at the Mansudae Assembly Hall today.

Vice-premier and Foreign Minister Kim Yong-nam also conversed with the delegation in a friendly atmosphere.

DPRK: Pakistan Ruling Party Group Gives Gift to Kim Chong-il

SK3005105796 Pyongyang KCNA in English 0802 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — The Great Leader Comrade Kim Chong-il received a gift from the visiting delegation of the Pakistan People's Party.

The gift was handed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, by Qayyum Nizami, political advisor to the party's chairwoman and member of the party Central Executive Committee, who is leading the delegation.

DPRK: Pakistan's Bhutto Gives Gift to Kim Chong-il

SK3005111096 Pyongyang KCNA in English 0808 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — A gift was sent to the Great Leader Comrade Kim Chong-il by Prime Minister Benazir Bhutto, chairman of the Pakistan People's Party.

The gift was handed to Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, by Qayyum Nizami, political advisor to the chairwoman of the Pakistan People's Party and member of the party Central Executive Committee, on a visit to Korea.

DPRK: Yi Chong-ok Meets Pakistan Ruling Party Delegation

SK3005110696 Pyongyang KCNA in English 0929 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president of the DPRK, met and had a friendly talk with a delegation of the Pakistan People's Party led by Political Advisor to the Party's Chairwoman Qayyum Nizami, who is member of the Party Central Executive Committee, at the Mansudae Assembly Hall today.

Present there were Chi Chae-yong, vice-director of a department of the WPK Central Committee, and Rehmdil Hatti, Pakistani ambassador to Korea.

The head of the delegation said on the occasion that His Excellency Kim Il-song, the great leader, will be recorded in the human history forever for his great exploits for the Korean revolution and the world revolution.

"Pakistan highly estimates the DPRK for invariably and independently taking the principled road chosen by it," he said, expressing the belief that the Korean people will make greater success and progress in all domains under the wise leadership of the Great Leader Comrade Kim Chong-il.

He referred to the need for further expansion and development of the friendly relations between the two parties and the two countries.

DPRK: Kang Song-san Sends Greetings to Croatian Prime Minister

SK2905102196 Pyongyang KCNA in English 0851 GMT 29 May 96

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Kang Song-san, premier of the Administration Council, sent a message of greetings to Zlatko Matesa, prime minister of the Croatia Government on the national day of the country.

The message expressed the belief that relations between the two countries would develop on good terms and wished the prime minister success in his work for the country's prosperity.

Meanwhile, Foreign Minister Kim Yong-nam also sent a message of greetings to Mate Granic, foreign minister of Croatia.

DPRK: Yun Ki-chong Attends Ethiopian Anniversary Party

SK2905051196 Pyongyang KCNA in English 0320 GMT 29 May 96

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — Fekade Selassie, charge d'affaires ad interim of the Ethiopian Embassy here, gave a party on May 28 on the occasion of the fifth anniversary of transition to democracy in Ethiopia.

Present on invitation were chairman of the State Education Commission Choe Ki-yong, Minister of Finance Yun Ki-chong and other officials concerned.

Diplomatic envoys of different countries were invited to the party.

Speeches were made at the party.

DPRK: Nigerian Government Donates Relief Money to DPRK

SK2905100196 Pyongyang KCNA in English 0853 GMT 29 May 96

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The Nigerian Government has donated 500,000 dollars to the government of the Democratic People's Republic of Korea hit by flood last year.

The money was handed to Vice-premier and Foreign Minister Kim Yong-nam by Nigerian Ambassador to Korea Olugbenga Ayodeji Ashiru on May 27.

The Ambassador said that his Excellency Gen. Sani Abacha, head of state of the Federal Republic of Nigeria, and his government have expressed deep sympathy with the Korean people, who have been suffering from flood damage, and donated the money to the Korean people, in the hope of contributing to healing the flood damage as early as possible.

DPRK: Han Song-yong at Meeting To Deliver Kim Chong-il Thanks

SK2905115596 Pyongyang Korean Central Television Network in Korean 1100 GMT 23 May 96

[FBIS Translated Text] A meeting was held on spot to deliver the great leader [yongdoja] of our party and our people, Comrade Kim Chong-il's thanks to functionaries and employees of inland transportation general bureau who actively helped socialist farms.

Comrade Han Song-yong and functionaries and employees of the inland transportation general bureau were on hand. During the meeting, Comrade Han Song-yong delivered the thanks sent by the great leader [yongdoja] Comrade Kim Chong-il.

During the meeting, debaters emphasized that by deeply bearing in their hearts today's glory they will continue to achieve greater results in carrying out the revolutionary tasks they are entrusted with by highly upholding the red flag of the revolution, and will run toward the seething socialist cooperative fields and actively assist the agricultural workers to all the more contribute to increasing grain production.

DPRK: Kim Chong-il Sends Gifts to Artists

SK2305044096 Pyongyang KCNA in English 0326 GMT 23 May 96

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — The great leader Comrade Kim Chong-il sent gifts to creators and artistes who successfully depicted the vitality of benevolent politics of the Workers' Party of Korea through the feature film "My Father," displaying their loyalty to the party and the leader and high creative zeal.

After appreciating the feature film produced by the Korean film studio Comrade Kim Chong-il said that the scenario, direction and shooting are good, acting of actors and actresses including a child is very successful and the film is on a high cultural level.

A ceremony for conveying the gifts was held at the Korean film studio on May 21.

DPRK: Symposium Marks 50th Anniversary of Kim Il-song Work

SK2405044796 Pyongyang KCNA in English
0346 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A symposium of literary men and artistes was held here on May 23 to commemorate the 50th anniversary of the publication of the great leader President Kim Il-song's work "Workers in Culture Should Become Combatants on the Cultural Front".

President Kim Il-song convened a meeting of propagandists of the provincial people's committees, political parties and social organisations, cultural workers and artistes in North Korea, on May 24, 1946, right after Korea's liberation from the Japanese imperialist colonial rule, and published the work.

It was stressed at the symposium that President Kim Il-song's work is a highly important one that indicated the true way of building a new national culture after the liberation and the mission and tasks of workers in culture and that served as a guideline for the people freed from the colonial fetters of the imperialists in building a new national culture.

In the work President Kim Il-song indicated the general direction of the building of literature and art to the effect that the literature and art of a new Korea should become a true literature and art that serve the popular masses, including workers and peasants and, to this end, creators and artists should go among the masses to produce art works as demanded by them.

In the work he put forward the intellectuals of Korea along with workers and peasants as the motive force of building a new democratic Korea and brightly illumined their duty and tasks to build national literature and art of a new Korea, including a matter of explaining and propagandizing justice and truth well among the masses.

The speakers elaborated on the brilliant efflorescence and development of Korea's chuche-based literature and art under the wise guidance of President Kim Il-song.

DPRK: Kim Chong-il Thanks War Veterans, Worker

SK2505045796 Pyongyang KCNA in English
0356 GMT 25 May 96

[FBIS Transcribed Text] Pyongyang, May 25 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to U Chang-son and other war veterans in Taehung County, South Pyongan Province, for fully displaying communist traits.

He also thanked Yi Myong-song who is working at the technical preparation office of the Unha Associated Trading Bureau for devoting himself to management of the revolutionary martyrs cemetery on Mt. Taesong.

DPRK: Kim Chong-il Thanks Workers at Hochongang Power Station

SK2905045096 Pyongyang KCNA in English
0258 GMT 29 May 96

[FBIS Transcribed Text] Pyongyang, May 29 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to officials and workers of the Hochongang Power Station, the Pyongyang City Horticultural Centre, the Pyongyang Maternity Hospital, the Hanggu Hotel in Nampo and other units for highly displaying traditional traits of army-people unity.

DPRK: Kim Chong-il Sends Thanks to KPA Security Forces Unit

SK3005035096 Pyongyang KCNA in English
0333 GMT 30 May 96

[FBIS Transcribed Text] Pyongyang, May 30 (KCNA) — Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent thanks to the Chang Tong-hui unit of the Korean People's Security Forces.

Officers and men of the unit creditably carried out the order of the supreme commander to transport a great deal of materials to the important construction site in March. Comrade Kim Chong-il received a report on the execution of combat orders in April and May and sent to the unit the autographic letters reading: "Send thanks of the Supreme Commander to the Unit".

South Korea

ROK: Foreign Ministry Official on Asylum Seekers

SK3005054796 Seoul YONHAP in English
0537 GMT 30 May 96

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The Foreign Ministry said Thursday that a North Korean scientist and another North Korean sought political asylum at a South Korean Embassy in a Southeast Asian country.

The Government of South Korea is currently negotiating with the Southeast Asian country to settle the defection case in accordance with the free will of the North Koreans and international law, Deputy Foreign Minister Cho Won-il said.

Cho would not reveal where the defectors are, but confirmed that they had expressed a desire to come to Seoul.

"The North Koreans (who sought asylum at the South Korean Embassy in the third country) will come to Seoul as soon as Seoul finishes negotiations with the government involved in the defection case," Cho said.

Cho was not able to say exactly when the North Koreans would arrive in Seoul.

The deputy minister just said that his ministry will provide more details as they become available.

Cho said that the scientist and another North Korean sought asylum separately but were both in the custody of the South Korean mission in the unidentified Southeast Asian country.

"They are safe under the protection of the South Korean mission in the Southeast Asian country and the South Korean Government is negotiating with the southeast Asian country about the repatriation of the North Koreans to South Korea," he said.

The deputy minister said that he was not able to confirm reports that the two North Koreans sought political asylum at the South Korean Embassy in Beijing, saying that "negotiations are underway."

Reports have said that a North Korean scientist and a script writer applied for political asylum at the South Korean Embassy in Beijing on May 7 on their way back to Pyongyang from an international invention competition in Geneva, Switzerland, late last month.

The Foreign Ministry, however, would not confirm whether they originally sought asylum at the South Korean Embassy in Beijing before flying to a third country in Southeast Asia.

North Korea and China have an extradition agreement and there's no precedent in which China handed any North Koreans seeking political asylum over to South Korea through diplomatic channels.

The possibility, therefore, is that Seoul and Washington agreed to relocate the two North Koreans to a third country so they could formally file a request for political asylum in a third country so Beijing could avoid provoking Pyongyang.

A Foreign Ministry official said that "the leak (by a Japanese new agency) of the defection did not help the Seoul government's negotiations when it was trying to persuade the Beijing government to allow the two North Koreans to go to Seoul."

South Korea may also want to avoid provoking its archrival North Korea by accepting the defector's request for asylum in Beijing which is, according to experts, still considered one of North Korea's closest allies.

South Korea and the United States jointly proposed a four-party meeting with North Korea and China last month to establish a permanent peace mechanism on the Korean peninsula to replace the 1953 Korean armistice agreement.

North Korea has yet to give a clear-cut answer to the proposal, and has only said that they are still examining the real intention of Seoul and Washington as well as the viability of the proposed four-way talks.

The North Korean scientist, a silver medalist at the annual Geneva international invention salon, reportedly contacted the Japanese Embassy in Beijing first. The mission later had him transferred to the South Korean Embassy there, apparently in consideration of its relation with North Korea.

Japan wants to resume its normalization talks with North Korea, which were suspended in 1992 over the alleged kidnapping of a Japanese woman by North Korean agents. Seoul, however, is opposed to Tokyo reopening such negotiations without Pyongyang's acceptance of the proposed four-party meeting for peace on the Korean Peninsula.

South Korea, for its part, decided to accept the two defectors on humanitarian grounds. Government officials are saying, however, that this latest defection, coupled with the defections by two North Korean diplomats in Zambia in January and a North Korean pilot just a few days ago, will probably undermine Seoul's effort to have Pyongyang accept the quadrilateral talks.

Emphasis is being placed on the social status of the scientist and the other defector, reportedly a scriptwriter, in that they are the first intellectuals from the North to seek asylum in the South. Their defection, according to officials, could be viewed as a prelude to a possible debacle of North Korea's hardline regime.

ROK: Government on DPRK Defectors, 4-Way Talks, Rice Aid

SK3005140896 Seoul YONHAP in English
1204 GMT 30 May 96

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — A high-level government meeting Thursday afternoon discussed issues related to the defection of two North Korean officials and the question of additional rice delivery to famine-threatened North Korea.

A unification and national security policy coordination meeting chaired by Deputy Prime Minister Kwon O-ki decided that now that the free will of the two North Korean defectors has been confirmed, the government would bring the pair into the country at the earliest possible time.

The talks, held at the office of South-North dialogue at Samchong-tong, also studied the impact the defection of the two and a MiG pilot a while ago may have on future inter-Korean relations.

At the same time, the meeting reaffirmed the government policy that even if North Korea's response to the recent four-way meeting proposal is delayed, the South would await it with patience.

Regarding the controversial issue of rice supply to North Korea, the meeting decided that if Japan and the United States promote the delivery of rice in nominal amounts through international organizations, the government would tolerate it.

It was further decided to cope flexibly with any food assistance by South Korean religious and social organizations taking into account the attitude of North Korea and moves of surrounding countries.

ROK: Daily Urges Prudence in News Reporting on DPRK

SK3005140696 Seoul HANGYORE SINMUN in Korean 29 May 96 p 3

[Editorial: "News Conference by a North Korean Defector"]

[FBIS Translated Text] Many people must have had mixed feelings when they saw a news conference by Captain Yi Chol-su, who defected a few days ago aboard a MiG-19. He insisted that under Kim Chong-il's instruction, the North Korean Army had mapped out a "seven-day occupation plan" to conquer Seoul in 24 hours and completely occupy all of South Korea in seven days and was constantly making preparations for war. His remarks sound chilling. Then, upon hearing this report, a spokesman for the U.S. Department of Defense, "in an unusual move," stated that the information provided by Captain Yi was different from the information the United States and the ROK had obtained last year through various channels. He also stated that he saw no sign of active military exercises for the past six to 12 months and that North Korea had rather scaled back its military exercises. People were confused when they heard two conflicting stories in the space of a few hours. Which side should they trust? Which side's story is more convincing and based on subjective judgment?

Stories on a tightly closed country like North Korea are inevitably conflicting. Even quite acknowledged experts make conflicting assessments. And, these conflicting stories usually concern the inner workings of the North Korean establishment. The state-of-the-art equipment of the ROK and U.S. military is capable of monitoring almost all military developments in North Korea. As was shown in Captain Yi's defection, the ROK and the United States are capable of monitoring landings and takeoffs of all North Korean fighters like the back of their hands.

National security is the most important issue, an issue in which the life and death of the country is at stake. Therefore, there must not be any carelessness or error. This is why the government must not repeat the incident in which a crack was found in our civil air defense system. Still, the government must not stress only North Korea's bellicosity and or "an emergency situation" based on subjective assessments. The government may think it is not bad to raise people's slackened awareness of national security. Still, excessive action may make people "insensitive to national security." We must remember the tragedy of the boy who cried wolf.

The government allowed people to listen to Captain Yi's remarks directly. It must cool-headedly watch any negative consequences from this. If what Captain Yi said proves different from the facts or exaggerated, the government must explain this to the people in detail. Building public trust in this way is a genuine way to raise people's awareness of national security.

ROK: Editorial: Carter Urged Not To Mediate ROK-DPRK Issues

SK2605062796 Seoul TONG-A ILBO in Korean 26 May 96 p 3

[Editorial: "Carter May as Well Refrain From Stepping Forward"]

[FBIS Translated Text] We are embarrassed by the Japanese press report that former U.S. President Jimmy Carter has met with Japanese Prime Minister Ryutaro Hashimoto and asked that Japan provide food aid to North Korea. The report also revealed that Carter will send relevant officials from the Carter Center to North Korea next month for a survey of North Korea's food situation and that Carter himself is maintaining contact with Kim Chong-il.

This report attracts our attention because the recent North Korean food situation has emerged as "a hot potato" for the international community and Carter played a special role in arranging a North-South summit. He paid a flash visit to North Korea in 1994 at the height of the crisis on the Korean peninsula, and arranged a North-South summit. Thus, he was instrumental in solving the crisis. Although the North-South summit did not take place because of Kim Il-song's death, Carter continued to carry out brisk activities for a solution to the problem of the Korean peninsula, including sending letters to President Kim Yong-sam and meeting with North Korean officials.

Such moves by former President Carter may be related with the U.S. Administration's efforts to induce a soft landing of North Korea, whose regime is facing a crisis. However, some worry that this might bring about confusion in the U.S. strategy on Northeast Asia. Therefore, it is quite natural that his recent remarks are taken differently from those made by the World Food Program and the UN Food and Agriculture Organization, which are acting from a humanitarian standpoint.

The present North Korea-U.S. multilateral contacts are being made within the grand framework of the ROK-U.S. cooperative system, which is based on the principle of "harmonious parallelism." This cooperative system was also confirmed during the ROK-U.S.-Japan high-level policy consultation meeting held in Cheju on 13 May. Carter's personal mediation may easily be misused by North Korea for its strategy and propaganda. Thus, there is a great danger that his mediation role may be a factor hampering progress in North-South relations. There is no longer a need for Carter to step forward as mediator.

ROK: NKP Lawmakers Meet To Outline National Assembly Goals

SK3005040996 Seoul THE KOREA TIMES in English 30 May 96 p 2

[By staff reporter Kwon Tae-yong]

[FBIS Transcribed Text] Sokcho, Kangwon-to — The first discussion session of newly-elected lawmakers of the New Korea Party [NKP] here was filled with voices that had never been heard in public before, showing the clear changes in the political culture of the reform-minded ruling camp.

Under the theme of "The Roles and Tasks of the 15th Assembly," Professor Kim Yong-nae presented his position outlining seven goals that the new Assembly must achieve.

Other participants in the discussion included four NKP lawmakers — Reps. So Sang-mok, Ham Chong-han, An Sang-su and Kwon Chol-hyon — Journalist Yi Song-chun, and Yun Yong-o, president of the Yoido Research Institute, a think tank for the ruling NKP.

In his presentation, Prof. Kim argued that self-rule of the Assembly, free from presidential and governmental influence, should be promoted for better performance. Also, each lawmaker needs to be guaranteed more power to vote on their own will, without influence from party leaders, whether he is ruling or opposition party member.

He suggested that hearings on appointments and cross-voting systems be introduced in the Assembly, which will give more freedom to legislators.

Democracy must be realized inside the party first for effective and productive legislation, he asserted, and the introduction of a primary election system like one in the U.S. can be a way to help achieve this goal.

Other than the need for self-rule and democracy in the Assembly, he opined that professionalism, openness, moral integrity and reforms must be strengthened so that the people can have hope and a vision for the new century.

The other six speakers, mostly agreeing to Prof. Kim's suggestions, questioned in which direction the new Assembly should be headed toward, and how the operation of the Assembly could be improved for better politics.

Rep. So pointed out that the time has come for the Assembly to focus on productive legislation, unlike in the past. To accomplish this, discretionary power must be given to every lawmaker by implementing the system of making public the voting records of each lawmaker.

He criticized the undemocratic way of electing chairmen of Assembly committees, who are chosen by negotiation and compromise among the ruling and opposition parties rather than the will of individual lawmakers.

An Sang-su, a first-time lawmaker from Kwachon, Kyonggi-to, said, "It is undesirable that party's major decisions and policies are made by one person. There are times when even the Assembly is dominated by the boss of a party, which he said is clearly against the rules of democracy."

He argued that each lawmaker must carry out legislative work with free will as they are the representatives of the people, despite the risk of being dropped from party's nomination list.

Lawmaker-elect Ham Chong-han said that the vertical relationship between the legislature and President must be changed to a parallel one, so that the Assembly will be more capable of checking the government.

Kwon Chol-hyon, newly-elected in Pusan, said, "The time-honored practice of lawmakers participating in wedding and funeral ceremonies should be ended in order for them to be more faithful to their duty as lawmakers.."

Yi Song-chun, an editorial writer The HANGUK ILBO, sister paper of THE KOREA TIMES, asserted that for better politics in the nation, the Assembly must be the center of politics rather than the parties. He said, "In the past, the President and the political parties have taken away what must be worked out in the Assembly, hindering a sound development of parliamentary politics."

The seminar is a kind of orientation for novice lawmakers as well as getting acquainted one another for party solidarity.

The first and second opposition parties, the National Congress for New Politics and the United Liberal Democrats, already held similar seminars to firm up party unity in the face of impending opening of the 15th National Assembly whose four-year term office begins today.

However, the opposition camp is threatening to boycott the opening ceremony of the new Assembly set for June 5 unless the ruling NKP release 12 lawmakers it lured into its fold to forge a legislative majority.

ROK: Fourteenth National Assembly Ends 4-Year Term 29 May

SK2805135196 Seoul YONHAP in English 1214 GMT 28 May 96

[FBIS Transcribed Text] Seoul, May 28 (YONHAP) — The 14th National Assembly comes to an end Wednesday with the expiration of its four-year term.

The 14th assembly, born of the March 24, 1992 general elections, had set sail under the three-party system — the ruling Democratic Liberal Party, opposition pre-split Democratic Party and the United People's Party.

Following political turbulences, however, the assembly saw Kim Chong-pil bolt from the ruling party to create the United Liberal Democrats and Kim Tae-chung come back to politics to form the National Congress for New Politics.

Also in the period of the 14th assembly, sweeping political reforms have been made under the leadership of President Kim Yong-sam, which were typified by the arrest of former Presidents Chon Tu-hwan and No Tae-u.

During the four-year period, a total of 902 bills were introduced to the assembly, of which 763 were adopted.

The new 15th National Assembly begins its four-year term on Thursday, May 30.

ROK: Article Analyzes Causes of ROK's Trade Deficit

SK2905055196 Seoul THE KOREA HERALD in English 29 May 96 pp 1, 9

[Article by staff reporter Kang Yon-sun: "South Korea's Powerful Export Engine Sputters"]

[FBIS Transcribed Text] Korea recently sat down to a jolting set of numbers. And the bad news is that no quick fix appears to be in sight.

The April trade deficit of $1,979 million, for one, was the largest monthly shortfall Korea has ever seen.

Four months into the year, a deficit of $6 billion has piled up, against the government's earlier goal of limiting the total yearly deficit to the $7-billion level .

Exports, the engine of the Korean economic miracle, also broke records in April by registering the slowest growth in over 2 years. Semiconductor exports, too, ended their glory days by registering the first negative growth since mid-1993.

So what went wrong?

The Korean won's movement against the Japanese yen is at issue once again, along with patterns endemic to Korean trading. Add these factors to a slower-than-anticipated global economic recovery and slackening trade is hardly a surprise, analysts say.

"The six-month lag impact of the yen's depreciation is beginning to be felt," says Chong Tae-uk, head of research at the Seoul branch of Jardine Flemings Securities Ltd.

As of mid-May, the Korean currency against the Japanese yen has risen nearly 30 percent a year, cutting into the price competitiveness of Korean products relative to Japanese products.

The damage incurred by a weaker yen is further compounded by price stabilization within the Japanese economy, points out Chong Mun-kun, head of economic research at the Samsung Economic Research Institute.

Consumer prices in Japan sank to 0.5 percent last year, while prices in Korea rose over 5 percent. Chong at Samsung points out, "When all factors are taken into consideration, the price of Korean products has risen at least 40 percent."

Chong at Jardine Flemings sees a worsening of the deficit for another six months, lasting through October. But the shortfall is predicted to ease some-what in the fourth quarter upon the slowing of capital goods imports and facility investment.

"What happens after that is anybody's guess," says Chong, confirming the high level of uncertainty being implied by officials at the Ministry of Trade, Industry and Energy.

Another pivotal factor is how Korea trades. The country's resource-poor economy demands hefty commodity imports from overseas. Manufactured goods such as autos and electronics in turn make up a bulk of Korea's exports.

Recently, the price movements have been disadvantageous to Korea, to say the least.

Prices of commodities such as grains and oil products are soaring, while a global softening of prices is anticipated on key exports, mainly memory D-RAM chips.

Says Kim Hong-kyong, director general of MOTIE's trade policy division, "Korea is buying high and selling cheap these days."

Understandably, worries abound in the government and business sector alike. Pak Chae-yun, minister of trade, industry and energy, has since last week been holding back-to-back meetings with representatives of key industries, such as electronics, steel, petrochemicals and automobile.

It is highly doubtful that these gatherings will produce quick solutions to Korea's trade woes. Against repeated requests by industries to tamper with the unfavorable exchange rates, government officials stress that their hands are tied and that upgrading the overall competitiveness of products is the way to go.

"In this age of liberalization and multilateral trading environment, the government would be risking a lot by assuming a direct role in easing trading woes," says Kim at MOTIE.

Na Ung-pae, deputy prime minister and minister of finance and economy, has repeatedly spoken out against the government's deliberate lowering of the currency, saying such action can backfire in the form of higher costs and wage jumps.

Chong at Samsung, however, cautions that perhaps the government should pay closer attention to exchange rates, through indirect means of encouraging capital outflow. On the part of businesses, he foresees cost-cutting as just about the only short-term solution.

For the government, experts recommend boosting Korean firms' overseas investment and the fine-tuning of the capital market opening as the desirable direction .

But as can be expected, these things take time. As Kim To-hun, a researcher at the Korea Institute for Industrial Economics and Trade (KIET), says, "Korea should aim for a long-term boost in trade volume."

ROK: Seoul To Intensify Control of Foreign Currency Outflow

SK3005031496 Seoul YONHAP in English
0129 GMT 30 May 96

[FBIS Transcribed Text] Seoul, May 30 (YONHAP) — The government will intensify controls on the outflow of foreign currency in invisible trade to check the ever-increasing current-account deficit.

The government feels the need to contain burgeoning invisible trade deficit, which totaled 1.67 billion U.S. dollars for the first four months of the year, or 40.6 percent of the 4.11-billion-dollar current-account deficit for the period, a Finance and Economy Ministry official said.

In the four-month period, invisible trade receipts only rose 9.7 percent from the previous year to 7.36 billion dollars but payments jumped 18 percent to 90.3 billion dollars.

To stem the "reckless" outflow of foreign-exchange, the Bank of Korea will now investigate all overseas foreign-exchange "gift" remittances by tracing the source of such remittances in cooperation with the National Tax Administration (NTA) for taxation purposes if necessary.

These remittances are currently reported to the NTA by foreign exchange banks that sell currency for such remittances.

Emigrating families must now have a tax office examine the source of their relocation (emigration) funds before converting these money into foreign-currency.

In service trade, all payments overseas must now be reported to the NTA so that it can look into the fund sources of such payments. At present, the NTA receives such payment reports on a selective basis.

And an inter-bank on-line network providing information on foreign-exchange transactions by individuals and corporations will be built by the end of this year.

The official said the government has been rather indifferent about the need to control the outflow of foreign currency, since it has been busy working to liberalize the foreign-exchange market.

ROK: Deputy Premier Na Comments on Economic Policy

SK3005014596 Seoul THE KOREA TIMES in English 30 May 96 p 1

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] Deputy Premier and Finance-Economy Minister Na Ung-pae, saying that the widening trade deficit is tolerable, yesterday ruled out the possibility of solving the problem through such quick fix methods as an economic cool-off, private consumption control or artificial currency depreciation.

He predicted that it may take a considerable time for Korea to turn the current account deficit into a surplus, adding that "our objective is not to further aggravate the worsening of the trade and invisible deficits." The minister said the government will seek a medium- and long-term approach such as strengthening national competitiveness.

Na made the remarks after meeting with President Kim Yong-sam to brief him on his policy to manage a widening trade deficit. The Bank of Korea yesterday reported that the nation's current account deficit amounted to $6.56 billion for the first four months of this year, well above the government's original limit of $6 billion for this year.

He forecast that the current account deficit will exceed the limit by a significant margin this year. Na listed sluggish demand in industrialized countries, the weakening of the light industrial sector, the depreciation of the yen and rises in the prices of international raw materials as factors that widened the current account deficit "beyond our expectations."

Especially, exports of three strategic export items, including semiconductors, steel and petrochemicals, have been sluggish, he said.

The minister said the recent halving of 16M DRAM prices will result in loss of $4-$6 billion in exports this year.

Despite the higher-than-expected deficit, Korea's current account short-fall, equal to 1.9 percent of last year's gross domestic product, is manageable and tolerable, he noted.

Na said the government will expand money advances exporters receive from importers before shipment, make more export insurance funds available, extend foreign currency-denominated loans to buyers of Made-in-Korea machinery and lower tariffs on raw materials.

He said the government alone is unable to improve the current account shortfall, urging citizens and enterprises to join in the government's efforts. Na called for labor-management harmony, saying the recent sharp rise in wages has forced relocation of light industrial factories overseas, which re-export goods to Korea. Korean semiconductor makers, even in the face of the global price fall, are competing excessively beyond their means, he said. Companies were urged not to engage in excessive and consumptive corporate activity by capitalizing on openness and liberalization. He said introduction of foreign technology must be encouraged even though the deficit is widening. However, many companies are importing simple trade marks and pay unnecessarily high royalties.

Na said about 4.5 million Koreans, about 10 percent of the total population, are expected to go on overseas trips this year, calling on them to hold down their spending.

Na said an artificial depreciation of the won will fan inflation and impede macroeconomic stability. An economic retrenchment policy, including the tightening of monetary policy, will depress business activity and make macroeconomic stability difficult. He said in this age of openness and liberalization, the government has no intention or power to regulate private consumption patterns.

Na said without stability in inflation, interest rates, wages and land prices, Korean firms will not be able to regain their competitive edge.

Burma

Burma: NCUB Outlines Program for National Reconciliation

BK2905121396 (Internet) BurmaNet News in English 27 May 96

[Statement of Fourth NCUB Conference]

[FBIS Transcribed Text] 1. The 4th Conference of the NCUB [National Council of the Union of Burma] was successfully held from May 16, 1996 to May 23, 1996 at a location in the liberated area.

2. Representatives of all four member organizations of the NCUB, being those of the Democratic Alliance of Burma (DAB), the National Democratic Front (NDF), National League for Democracy-Liberated Area (NLD-LA), and Members of Parliament Union (MPU) which is composed of elected members of parliament of the May 1990 general election and ministers of the National Coalition Government of the Union of Burma (NCGUB), attended the conference, in force.

3. At this 4th Conference of the NCUB, representatives of the four member organizations have held discussions and deliberations, in a free and frank manner, and have successfully established, a step further, a stronger unity between the pro-democracy and resistance forces. After elevating the NCUB as a unified force, on the basis of equality, mutual respect and understanding, the conference firmly laid down the four main objectives, viz the abolition of military dictatorship, establishment of peace and democracy, and the establishment of a genuine federal union.

4. The unanimous approval of a draft Constitution for a further federal Union of Burma, which is an improvement of the Constitution drafted by the DAB, as the NCUB's proposed first draft and the decision to further make improvements on it until a better and more complete second draft is achieved, by collective effort, show that the cooperation within the NCUB is gaining greater momentum.

5. The following objectives have been laid down as the grand strategic programmes of the NCUB. (1) To oppose the results of the SLORC's [State Law and Order Restoration Council] sham National Convention. (2) To assist and support the anti-military dictatorship campaign launched by the NLD [National League for Democracy] under the leadership of Daw Aung San Suu Kyi and pro-democracy forces inside the country. (3) To work for the emergence of nation-wide and politically directed movement against the military dictatorship. (4) To work for the reduction of international aid and assistance to the SLORC.

6. The Conference unanimously decided to demand the SLORC to hold a tripartite dialogue participated by pro-democracy forces led by Daw Aung San Suu Kyi, the ethnic nationalities forces and the SLORC, for the solving of the political problems by political means, on the basis of equality and mutual respect. In anticipation of the SLORC agreeing to hold a genuine tripartite dialogue in accordance with the demand of the NCUB, the Conference laid down, as mentioned below, a political programme that can be agreed to by all, in order to realize, in practice, genuine national reconciliation. (1) After signing an agreement based on the positions formed by the leaders in the tripartite dialogue, the SLORC is to declare a nation-wide cease-fire, to release all the political prisoners and to rescind all the repressive laws and orders; (2) To form a parliament consisting of representatives elected in May 1990 general election; (3) This parliament is to declare a general amnesty, to form an interim coalition government consisting of persons chosen pursuant to an agreement reached at in the tripartite dialogue and to adopt an interim constitution for the interim government. (4) The interim government is to organize and hold a genuine national convention for laying down principles for the constitution of a future federal union. (5) The parliament is to draft a constitution based on the principles laid down by the national convention and to enact it. (6) A government of the people is to be elected and formed in accordance with this new constitution.

7. This conference seriously calls upon the SLORC to stop arresting leaders of the NLD led by Daw Aung San Suu Kyi and the elected representatives, and release them unconditionally, to cease oppressing the people and to hold a genuine tripartite dialogue for the establishment of national reconciliation.

8. Finally, this Conference of the NCUB earnestly calls upon governments of the world, international organizations and the people to keep a close watch on the current developments in Burma, to review the policy of constructive engagement and to suspend relation or aid to the SLORC until and unless the SLORC undertakes genuine political change for freedom and democracy.

Date. May 27, 1996

Burma: Suu Kyi Says NLD To Draft Own Constitution

LD3005125796 Melbourne Radio Australia in English 0630 GMT 29 May 96

[FBIS Transcribed Text] Burma's opposition is forging ahead with plans to write an alternative constitution based on the sovereignty of elected MP's. It is a direct challenge to the legitimacy of the military's attempts to hold on to power through its own bill and, as Evan Williams reports from Rangoon, the alternative constitution will become a source of direct confrontation when opposition MPs again try to meet as an alternative and elected parliament.

[Begin recording] [Williams] If the military had hoped its mass arrests of elected MPs would make the opposition's congress ineffective, they were wrong. Instead the game has moved up another notch with no definitive end in sight and further confrontation in store. Though weakened by the arrests, the congress still started a process of formalized opposition policies calling for the release of political prisoners, dialogue with the army, the restoration of parliament elected in 1990, freedom of political activity, and setting economic and political outlines. Closing the conference, democracy leader Aung San Suu Kyi said the army should be involved in the defence of the nation and helping democracy and not dominating parliament.

[Suu Kyi] We have always said that parliament should be supreme and parliament should be made up of elected representatives of the people. But in that framework, of course, the army, like other institutions, will have a role to play.

[Williams] That means the NLD [National League for Democracy] is officially opposing the military's bid to have a third of all government positions reserved for it but in its most provocative resolution, the NLD is now officially committed to writing its own constitution for the future Union of Burma. That is a direct challenge to the military's efforts to write itself into power with its own constitution.

[Suu Kyi] I think everybody is free to draft a constitution that they will think is suitable for the country. I can sit down and do it, anybody can sit down and do it. There is nothing in the law that says that you have no right to draft a constitution which you think will be good for the country.

[Williams] Suu Kyi has launched a path of confrontation by making it clear she will call a series of meetings with her elected delegates once they are released from detention, forcing the regime to either rethink their probable release from detention or doing it all over again when they try to next meet. Their documents can mean little while Suu Kyi and her opposition is ignored but the symbolism and importance of having Burma's elected representatives meeting to write the nation's future will be too much for the army to bear. NLD policy is for an elected supreme parliament but Suu Kyi does not close the door completely on negotiations over some form of power-sharing with the military.

[Suu Kyi] This is our policy: the parliament will be supreme and made up of elected representatives of the people.

[Williams] Is that a non-negotiable point?

[Suu Kyi] That is what we believe in; that is what the NLD believes in. And the fact is everything is negotiable and in the end it is the people who must decide what form of country they want; what kind of political system they want.

[Williams] So it means you could still hold, have some position?

[Suu Kyi] That is not for me to say. I think it is too premature to talk about such things when we haven't got anywhere near dialogue yet.

[Williams] Tentative steps, only broadly keeping the door open. But meanwhile, both sides appear to need something new to avoid a series of confrontations that could close that door for good. [end recording]

Burma: Daily Warns Against 'Sidelining' Military

BK2905140696 Rangoon THE NEW LIGHT OF MYANMAR in English 29 May 96 p 6

[Editorial: "Tatmadaw is insider, not outsider"]

[FBIS Transcribed Text] It is amply clear from what is going on in Yangon [Rangoon] and what outside influences of a certain group dependent on them are doing is that they want to alienate the Tatmadaw [Defense Services]. We have always accepted the proven fact that the strength of the nation lies within and that only a strong Tatmadaw makes the nation strong. Moreover, it has been proved again and again that the Tatmadaw never betrays the national cause.

A lot of noise is being made about suggestions outside of the National Convention, specially after 86 NLD [National League for Democracy] delegates had their accreditation as delegates revoked after the Convention Convening Work Committee found them absent without leave last November.

Whatever is said outside of the National Convention in recess currently, and to resume soon, does not have anything whatsoever to do with the Convention and its proceedings.

Chairman of the National Convention Convening Commission Lt-Gen Myo Nyunt addressed the Plenary Session of the Convention on 29 November 1995 when he made it clear to the delegates:

"The National Convention we are convening is proceeding with the Six Objectives including that for flourishing of a genuine multi-party democracy system in Myanmar [Burma] and aiming at non-disintegration of the Union, non-disintegration of national solidarity, perpetuation of sovereignty, further burgeonings of the worthiest and the noblest of worldly values, namely, justice, liberty, and equality; and for the Tatmadaw to be able to participate in the national political leadership role in the future State..."

He also explained the nature of the participants representing a cross-section of the public, delegates of eight groups including elected-representatives delegates, making due coordination and deliberation for consensus at discussions and laying down the basic principles helpful for writing of the new Constitution.

The Tatmadaw, formed originally with patriots who sacrificed life and limb for regaining of independence and for national security, cannot and must not ever be alienated from the people. It would be terribly wrong to do that, for history bears witness that it had time and again come to the rescue of the Union threatened with break-up.

1988 saw all hell let loose, unleashed by those selfishly causing a conflagration in their shortcut to power. The very group which did that is today seeking a replay of that macabre scenario.

It would be folly to think of sidelining the Tatmadaw with all its noble traditions. The Tatmadaw must always be in the know, for without such vigilance, it will not be able to work together with the people in the long-term national interest.

Objectively thinking, the Tatmadaw is an insider, not an outsider. Those who think otherwise are awfully mistaken.

Burma: Japanese TV Interviews Aung San Suu Kyi on NLD Convention

OW2905143296 Tokyo NHK General Television Network in Japanese 1027 GMT 29 May 96

[Announcer-read report; from "NHK News 7" program]

[FBIS Translated Text] Burmese pro-democracy leader Aung San Suu Kyi granted an interview to NHK last night after the final day of the National League for Democracy [NLD] convention. During the interview, she said that the military junta has tried to obstruct the NLD's party convention, but instead it only proved that the party has the people's support.

[Begin recording] [reporter] Nice to see you again.

[Suu Kyi] I was surprised that [words indistinct]. We thought it was time we had a conference of the elected representatives of the NLD — partly to remind the world that the NLD received the mandate of the people in 1990. The extent to which they tried to put obstacles in the way of our conference indicated their extreme nervousness. And I think it also proves that the support of the people is still very much behind us. [end recording]

Suu Kyi emphasized that the convention was a success, and vowed that her party would take actions more energetically than before. However, regrading the possibility of dialogues with the military junta, she remained negative, and said as follows.

[Begin recording] [Suu Kyi] I think all that is needed for dialogue to take place is for the State Law and Order Restoration Council to want dialogue to take place. Well, I would say there is a channel that is so narrow that a person can hardly get through. [end recording]

As for the Burmese economy, she said that with the escalating inflation, the gap between the rich and poor has never been so wide. However, she said the overseas countries should not provide additional assistance or investment in Burma as long as the military authorities continue to ignore human rights and suppress political activities.

Burma: SLORC Appoints New Ministers, Reshuffles Portfolios

BK2905155396 Rangoon Radio Myanmar in Burmese 1330 GMT 29 May 96

[FBIS Summary] The State Law and Order Restoration Council, SLORC, issued four declarations on 29 May. All four documents were signed by SLORC Secretary-1 Lieutenant General Khin Nyunt.

Declaration No. 2/96 announces the appointment of Minister Lieutenant General Aye Thaung, Minister Brigadier General Thaung Myint, and Minister Vice Admiral Than Nyunt as members of the National Security and Management Committee.

Declaration No. 3/96 announces the appointment of Major General Saw Lwin as labor minister.

Declaration No. 4/96 announces a change in the portfolio of Brigadier General Maung Maung, minister of livestock breeding and fisheries, to be minister in the deputy prime minister's office and appointing him secretary of the Myanmar Investment Commission.

Declaration No. 5/96 announces the appointment of U Aung Thaung as minister of livestock breeding and fisheries, U Saw Tun as health minister, and U Aung San as culture minister.

Burma: Finance Minister Interviewed on Policies

BK2905041896 Bangkok ASIA TIMES in English 29 May 96 p 9

[Interview with Win Tin, Burma's minister of finance and revenue, by ASIA TIMES correspondent Stephen Brookes in Rangoon on 27 May]

[FBIS Transcribed Text] [Brookes] There's been a fair amount of liberalization in the economy in the past few years — how successful has it been?

[Win Tin] The first thing we did when we changed the economic system after 1988 was to liberalize prices. Under the planned economy, all prices were controlled. So we liberalized prices, first in the agricultural sector so that the farmers can sell their products according to market prices. In the same way, industry can set its own prices now — we don't control anything.

And as we liberalized pricing, the economy has been going up very rapidly. In 1992/93, GDP grew at 9.7 percent, and at six percent in 93/94, and in 94/95 at 7.5 percent, and in 95/96 at 9.8 percent.

We've also been encouraging the agricultural sector to grow more crops, and the state enterprises have increased production. So as production has increased, our GNP has increased.

[Brookes] But inflation has also been a problem, hasn't it?

[Win Tin] In 93/94 it was 33.7 percent, and in 94/95 it was 22.4 percent. And the annualized rate for the first quarter of 1996 is 21.4 percent. Our target at the end of 96/97 is to bring it below 20 percent.

[Brookes] How?

[Win Tin] We will increase our production, and raise interest rates, so that the mobilization of domestic savings is increased. Also, we are controlling the budget very seriously. And to mobilize cash from the general public, we're issuing bonds from the central bank — three-year bonds and five-year bonds.

[Brookes] You've opened up the banking sector, but there's still a large underground banking network in Myanmar [Burma] that many people seem to use.

[Win Tin] At present in the underground lending, they are charging about three percent per month with securities (collateral), and four to five percent without securities. And the underground sector is not organized, so we are going to form an official finance company.

[Brookes] Would this be for small-scale businessmen?

[Win Tin] We're going to organize the finance company so that people who don't have any security but want investment funds to improve their activities, can get funds.

[Brookes] How soon will this be set up?

[Win Tin] I can't say exactly. It's under process.

[Brookes] How will the rates be set?

[Win Tin] It's negotiable — all the sectors are liberalized, so we are not going to control it. We want to bring the underground banking above ground, so we give the indications with this finance company that 36 percent rate will be applied. The (underground banking rate) is our indicator.

[Brookes] The market exchange rate for the kyat has changed rapidly in the past few weeks — it's lost about 10 percent of its value against the dollar. What's going on?

[Win Tin] This is a matter of the demand and supply. The rate has risen because the ports are very congested — about 40 ships are waiting for unloading. And people need dollars to pay for the consignments.

Also there is an auction coming up of unauthorized fishing ships and smuggling ships, which will be sold for dollars. So the demand for dollars is rising rapidly. But I think it will be coming down in two weeks.

[Brookes] Some people think that the recent low-cost loans to government employees are having an inflationary effect. Is that true?

[Win Tin] We have given loans only to 1.1 million people, and the average loan is about 10,000 kyats [US$71] . That's nothing. And gold prices have been stable, so we can say the kyat is stable.

[Brookes] What fiscal initiatives do you plan for the year ahead?

[Win Tin] We've just lifted the commercial tax on exports, so the private sector can export very freely now. Our plan is to encourage more and more exports, including woodbased industry and leather. We are also streamlining our export system, granting export permits and improving customs procedures.

[Brookes] How soon will the planned stock exchange be set up?

[Win Tin] We're going to form a capital market with the assistance of Daiwa Research Group — a joint venture called Myanmar Securities Exchange Center. This office will open on June 7.

First we will form securities houses, and when we have four or five well-organized securities houses, then we'll start the stock exchange. At the moment, we have 17 private companies, so it's very small. If they want to sell their shares, we will make an over-the-counter system, and then a stock exchange after that.

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[Brookes] The insurance sector is still a state monopoly. Will this be opened up soon?

[Win Tin] At present, we have only one stateowned insurance company here. But now we have plans to liberalize the insurance sector — we have already drafted laws for private insurance. This private insurance will work side-by-side with the state insurance, and will be allowed to offer six kinds of insurance. This will start in two or three months. The law is already drafted.

[Brookes] The first joint venture agreement between a local and a foreign bank was just signed recently. Do you see more interest among the international banks in these joint ventures?

[Win Tin] First we have had to develop our domestic banks, and we have 17 private banks now.

We have monitored them closely, and they have been very successful, so we're allowing them to form joint ventures. And many foreign banks are coming in — 39 are licensed to open representative offices, and we welcome them.

The banks are interested because our economy is growing. Compared to other developing countries like Vietnam, Cambodia, and Laos, Myanmar has secure national resources, and our foreign investment law is very clear. We give good incentives to foreign investors, and we guarantee that foreign investors won't be nationalized.

And the Japanese banks are especially interested. Leading groups are coming from Japan to invest, and they know there must be Japanese banks to assist the Japanese investors.

[Brookes] Aung San Suu Kyi (the leader of the opposition National League for Democracy) has been saying that the economy is weak, and that investors should not come in yet.

[Win Tin] This is just political. If she loved the country, if she were patriotic, she ought to invite the foreigners to invest here. Now she's opposing this. We have very good stability, safety, and good security. She cannot disrupt the economy, because she has only a minority group. All the businessmen, all our nation, believes in the SLORC's achievements.

[Brookes] She says that it won't be possible to have sustained economic growth without rule of law and democracy. Do you agree?

[Win Tin] Is there a yardstick to measure democracy? America has democracy in its own manner and tradition and culture. In Myanmar we are also trying to develop democracy in our own traditional way, with our own culture and our own environment. We are doing it our own way.

[Brookes] Aung San Suu Kyi has a lot of support in Washington DC, where there have been calls for economic sanctions against Myanmar. What kind of effect would these have?

[Win Tin] The Americans may try to block our country, but they'll try in vain. We have our own resources. We have been isolated since 1988, and we have grown with our own resources. So we are not bothered by any boycott. It has no effect on our economy. Every day, more and more businessmen are coming here. This shows their strong belief in our economic growth and our policies and our political and economic stability.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Afghanistan Wants Malaysia as Peacemaker

96SE0078B Kuala Lumpur BERITA HARIAN in Malay 1 May 96 Internet p 0

[FBIS Translated Text] Kuala Lumpur, 30 Apr (BERNAMA)—Afghanistan today asked Malaysia to play the main role in seeking a peace conference among the belligerents in that country.

The Afghan charge d'affaires in Malaysia, Abdul Sattar Murad, said that since Malaysia was the first country to recognize the Mujahideen and is an Islamic state with an excellent record in various international issues, Kuala Lumpur is in the best situation to initiate peace efforts acceptable to all parties.

"My government is fully confident that Malaysia's efforts to bring the parties to the conference table will have a good chance of success.

"As a disinterested country, Malaysia will receive full cooperation from all parties," he said.

According to Abdul Sattar, Malaysia could send a delegation to Afghanistan to meet representatives of all groups. He also said he believed that they would accept that initiative.

He said Afghan President Burhanuddin Rabbani is willing to resign and hand over the office to a person accepted by all parties and approved throughout the country.

"The problem, however, is that other groups cannot put forward a leader who not only has the ability to lead the country, but who also can guarantee future stability," he said.

Abdul Sattar rejected the assumption of Western powers that the conflict in Afghanistan centers around disputes among ethnic groups, including the majority Pashtun group.

Although Rabbani is a member of the minority Tajik group, the government consists of a mixture of all ethnic groups, including the Pashtun majority.

The Tajik group encompasses about 30 percent of the population, and the remainder is made up of Uzbek, Syiah, and other minorities.

He said that Afghanistan needs the cooperation and determination of all neighboring countries if peace is to be created.

"If peace is ultimately achieved, and that is not impossible, countries like Malaysia could participate in efforts to rebuild and redevelop Afghanistan, which is rich in mining products and is located in an economically strategic position," he said.

More than two million people were killed during the 10-year Soviet occupation of that country, while there have been more than 25,000 casualties in the current civil war.

Most Afghan people have left the country.

Analysts say that the tragedy of the conflict in Afghanistan is that the termination of Soviet occupation did not bring peace.

On the contrary, it sparked another war, this time among Mujahideen groups who previously fought to drive out the Soviet army.

When the Soviets withdrew, a transitional government was formed under President Rabbani with the blessing of moderate groups.

That government later fell, because all groups felt that the Rabbani government was not accepted by other parties, which plunged the country into civil war.

According to Western analysts, about 10 armed groups are now trying to overthrow the Rabbani government, because they charge that his election as president was not valid.

Those analysts say that supplies of weapons left by the Soviets and weapons supplied by the United States and its allies are among the factors that prolong the civil war in that country.

Groups opposing Rabbani urge him to resign, and they ask that a meeting be held among all leaders to decide on a government that would be accepted by all parties.

S. Thanarajasingam, deputy permanent representative to the United Nations, informed the Security Council, which held discussions on the situation in Afghanistan early this month, that Malaysia views the increased interference by foreign powers in that country to be serious.

He said that the interference of foreign powers is an obstacle to efforts to seek a peaceful settlement and that Malaysia welcomes proposals to reconvene an international conference to deal with the Afghan conflict.

Singapore

Singapore: Kazak President Nazarbayev Arrives on Official Visit

LD2905090796 Moscow ITAR-TASS World Service in Russian 0246 GMT 29 May 96

[By ITAR-TASS correspondent Stanislav Bychkov]

[FBIS Translated Text] Singapore, 29 May — Kazakh President Nursultan Nazarbayev arrived in Singapore today on his first official visit. He is accompanied by a large group of representatives of state and private business circles.

Singapore's Ministry of Foreign Affairs has reported that an agreement on air communicaitons will be signed during the visit and a seminar held for Singapore's businessmen on the opportunities for business cooperation between the two countries. The Kazakh leader is expected to make a speech at the seminar.

In the program for his stay he is scheduled to have talks with Prime Minister Go Chok Tong, meetings with President Ong Teng Cheong and Lee Kuan Yew, senior minister in the prime minister's office. "We hope to lay a firm foundation for the further development of fruitful bilateral trade and economic cooperation," a member of staff of the Singapore Ministry of Foreign Affairs told this ITAR-TASS correspondent.

Indonesia

Indonesia: Burkinabe President Concludes Visit; Leaves Bali

BK3005075696 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 30 May 96

[FBIS Translated Excerpt] Burkina Faso's President, Blaise Compaore, and his delegation left Ngurah Rai Airport, Bali this morning. Here is a report by RRI Denpasar Reporter Cok Anggarwati on the departure of the state guest from the West African country.

[Begin Anggarwati recording] Burkinabe President Blaise Compaore and his delegation left Bali at 10 a.m. today aboard a Boeing 727 aircraft that belongs to Burkina Faso Airlines. Earlier, they observed Bali's traditional irrigation system in [place name indistinct] [passage omitted] [end recording]

Indonesia: Envoy to Australia Rules Out People's Migration

BK3005050396 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 May 96

[FBIS Translated Text] Australia should not be worried about the behavior of Indonesians because Indonesians would never think of migrating to Australia by boat, as other Asians — known as boat people — have done. Indonesian Ambassador to Australia Wiryono told 68 foreign journalists in Sydney yesterday that the Indonesian Government had managed to overcome and check overpopulation in Indonesia through family planning and national migration programs. According to him, only one region in Indonesia, which is a vast and fertile country, is densely populated, the other regions are still sparsely populated. Thus, there is no reason for Australia to be worried about a possible migration of Indonesian boat people to Australia.

Wiryono made the remarks in response to a question by a New Zealand journalist regarding the Indonesian Government's policy of coping with overpopulation in Java, a factor that has raised the question of migration to Australia.

Indonesia: Government Not To Recognize New Political Party

BK2905151996 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 29 May 96

[FBIS Translated Text] The government says it does not recognize the new political party called the Indonesian United Democratic Party established by former MP Sri Bintang Pamungkas. Law No. 3/1985 stipulates that there are only two political parties — the United Development Party and the Indonesian Democratic Party — and the Functional Group. Home Affairs Minister Yogie S. Memed said this to reporters in Jakarta today. A few days ago, President Suharto also said that a new party was not needed.

Meanwhile, Major General Suwarno Adiwijoyo, assistant to the chief of ABRI [Armed Forces of the Republic of Indonesia] sociopolitical affairs, noted that the government will not recognize a new political party as it is against the constitution.

Indonesia: President Suharto Vows To Complete Term in 1998

BK3005041896 Jakarta MEDIA INDONESIA in Indonesian 30 May 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] (MEDIA) — "I must complete my term in 1998. After that, everything will be up to the People's Consultative Assembly," President Suharto stated.

Mr. Suharto made his stance clear during a dialogue held with elderly citizens, foster parents and children, and members of the younger generation on the occasion of the National Elderly Citizens' Day, the Foster Parents Campaign, and the symbolic inauguration of development projects at Pucanggading, Demak, Central Java yesterday.

Yunus Rusli, an 80-year-old from Central Sulawesi, urged the People's Consultative Assembly to reelect Mr. Suharto as head of state for the 1998-2003 term because Suharto is still capable.

Commenting on this, Mr. Suharto said: "We must think constitutionally, because I will be 77 years old in 1998. I will also be an elderly citizen."

The All Indonesian al-Arqam Movement also expressed the hope that Mr. Suharto would continue to lead the nation. They supported and called for the reelection of Mr. Suharto as president of the Republic of Indonesia for the 1998-2003 term. The movement, which was banned in Indonesia two years ago, pronounced "political prayers" for Mr. Suharto.

In a policy statement read by Riesdam E., coordinator of the All Indonesian al-Arqam Movement, the movement urged all Muslims and Indonesians to support Mr. Suharto. "We urge all Muslims in particular, and all Indonesians in general, who love the truth, be they individuals, groups, or organizations, to stand behind President Suharto's leadership," Riesdam stated. [passage omitted on education]

Indonesia: New Party Vows To 'Reform' Political System

BK3005060796 Jakarta THE JAKARTA POST in English 30 May 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Jakarta (JP): Controversial politician Sri Bintang Pamungkas announced yesterday the formation of his new political party in defiance of the law and the government.

Bintang however said the Indonesian Democratic Union Party, or PUDI for short, will not be contesting next year's general election because it distrusts the existing political and election system.

Instead, the party will aim to reform the system itself, he said during the announcement in the packed room of the Indonesian Legal Aid Foundation.

"We are the fresh blood that will heal Indonesian politics," he proclaimed before a crowd of about 200, including supporters, local and foreign journalists as well as guests.

Bintang announced the line-up of the party's leadership which includes a number of well-known critics of the government as well as human rights activists and student leaders.

The government immediately denounced the establishment of the party as illegal.

The 1985 law on sociopolitical organizations only recognizes three political organizations in Indonesia: Golkar [the ruling Functional Group], the United Development Party (PPP) and the Indonesian Democratic Party (PDI), H.S.A. Yussac, spokesman of the Ministry of Home Affairs, said.

Yussac also quoted President Suharto's statement last week that the three existing political organizations are quite sufficient to represent the aspirations of all Indonesians.

While stressing that all new organizations must be registered with the Ministry of Home Affairs, Yussac did not say whether the authorities would reject or approve any application from Bintang.

The Armed Forces also warned that the Indonesian political system does not recognize the presence of an opposition party and said that every citizen must abide by the constitution.

Bintang explained he had no intention of seeking legitimacy from the government. "Our legitimacy comes from the people," he said.

He also invoked Chapter 28 of the 1945 Constitution which guarantees the people's right to assemble and associate.

Bintang is currently contesting a Central Jakarta district court verdict which found him guilty of slandering President Suharto. He has not begun serving the 34 month jail term meted out by the court, pending his appeal to the high court.

He campaigned for the PPP in the 1992 election, later taking a seat in the House of Representatives. He was removed from the House last May after the party decided his harsh criticism of the government and the military were too much of a liability.

Bintang said the new party was prepared to throw its support behind either PPP or PDI in the 1997 election if either one of them were willing to commit themselves to reform the existing political system.

If not, PUDI will go it alone, he said.

PUDI's leadership line-up includes H.M. Sanusi [a minister in the Suharto cabinet in the late 1960's] and H.J.C. Princen, both staunch critics of the government, as well as Buce Rumamui and Subadio Sastrosatomo in the advisory council.

In the executive board, Bintang is the chairman and is assisted by five deputies: Yulius Usman, Jopie Lasut, Sunardi, Saut Sirait, Beathor Suryadi, and Jimmy Alfons. Saleh Abdullah is the secretary-general, assisted by Agustiana. The treasurers are Mangadang, Jacob Kedang, and Hidayat.

Human rights campaigner Adnan Buyung Nasution and former freedom fighter S.K. Trimurti were present at the ceremony, but their names were not included in the line-up.

PUDI's symbol is the shield of Garuda, the mythical eagle on a red-and-white background, the colors of the national flag.

Yulius Usman said the party believes it can recruit the legions of people who are unhappy with the way the elections have been held in the past.

These people, known in Indonesia as Golongan Putih, the "White Group", either boycott the elections or spoil their ballot papers in protest.

Meanwhile, political observer Marzuki Darusman described the birth of PUDI as a new phenomenon in Indonesian politics.

In Indonesia, political parties are not the sole actor in politics, he pointed out.

Mass organizations are also important and at certain times their importance can exceed that of the political parties, he said, adding: "PUDI has to be seen in this context."

Marzuki explained he did not consider the establishment of PUDI illegal because there is no legislation that prohibits anyone from forming organizations.

"The establishment of a new political organization isn't forbidden, but the need for another one should be carefully considered," he said.

Philippines

Philippines: Foreign Secretary Interviewed Before PRC Visit

OW2905144496 Tokyo KYODO in English 1420 GMT 29 May 96

[FBIS Transcribed Text] Manila, May 29 KYODO — The Philippines is closely watching China's growing economy and would like increased business and trade ties, Philippine Foreign Secretary Domingo Siazon said Wednesday [29 May] ahead of his scheduled visit to China from June 4 to 11.

But he said he does not think it is possible that China will become a major military threat to the southeast Asian region, despite China's growing military budget.

"What we are going to look at now is China's growing economic power," Siazon said in an exclusive interview with KYODO News, adding the Philippines must increase economic ties so issues like Mischief Reef will become relatively minor.

Siazon was referring to China's occupation of and construction on Mischief Reef, which is a part of the disputed Spratly Islands that are claimed by both China and the Philippines.

Discovery of the alleged military structures on Mischief Reef strained ties between the two countries last year. China insists that the structures are merely shelters for fishermen.

Both countries have since agreed on a code of conduct in the Spratlys that calls for friendly approaches and the maintenance of the status quo.

China, Vietnam, the Philippines, Malaysia, Taiwan, and Brunei have claims in the Spratlys Islands in the South China Sea.

At the same time, Siazon said he will be discussing with his counterpart Qian Qichen ways to increase trade, investment and economic cooperation, and build confidence in the region, including Mischief Reef.

He said he will also be accompanied by a business delegation from Manila and the central Philippines province of Cebu and will also meet the Chinese minister for foreign exports and trade [title as received].

Siazon said he will also visit Shanghai and Hainan, where Cebu businessmen want to promote the province to improve business ties.

He noted that Hainan is the closest major fishing port to the Spratlys, with the Chinese military unit in charge of operations in the South China Sea headquartered there.

Siazon said bilateral trade between the Philippines and China is expected to exceed 1 billion dollars.

Manila Backs Proposal To Adopt APEC Business Travel Card

BK3005042096 Manila THE PHILIPPINE STAR in English 15 May 96 p 26

[Report by Edison Dy Ong]

[FBIS Transcribed Text] The Philippines is urging the 18-member economies of the Asia-Pacific Economic Cooperation (APEC) to adopt Australia's proposal to issue an APEC business card in lieu of a business visa, a top Filipino business leader said yesterday.

Benigno Ricaforte, chairman of the forthcoming Asia-Pacific Business Network (APB-NET) and member of the APEC Business Advisory Council (ABAC), told reporters that the APEC business card/smart card had two important advantages in international trade and commerce.

First, it facilitates the entry of a businessman in and out of an APEC member economy; and second, it eliminates the threat of losing goodwill among the 18-member economies.

"We envision the APEC business community to endorse the smartcard proposed by Australia," he said. The Philippines and Australia are two of the 18-member economies of APEC. The Philippines is hosting (through the Philippine Chamber of Commerce and Industry and the Confederation of Asia-Pacific Chambers of Commerce and Industry) the Third APB-NET this September.

Ricaforte, also PCCI [Philippine Chamber of Commerce and Industry] director for small and medium enterprise (SME) development, said his group is inviting all interested businessmen to attend the APB-NET III scheduled to be held in Manila on 2-3 September and in Cebu on 5-6 September.

The APB-NET III through its business matching and networking sessions will provide businessmen with "a unique opportunity to meet their foreign counterparts in the dynamic economics of the Asia-Pacific region and establish business ventures."

Ricaforte said this year's APB-NET is especially significant because it coincides with the SME Ministerial Meeting in Cebu. "As such, the APB-NET gives a special focus on one-on-one business matching with SMEs.

APB-NET is an event of the APEC. It is a process of building-up the entry and participation of private business in the APEC process.

During the last APEC Summit held in Osaka, Japan last November, Australian Prime Minister Paul Keating said Australia will introduce an APEC business travel card to facilitate entry into Australia by accredited business people from APEC economies.

The proposal for such a smart card was recommended by the Pacific Business Forum for easier access for business travelers.

Australia is developing the following arrangements to make short-term business travel easier:

— a system of accreditation for business travelers run in partnership between the business communities and participating member economies;

— a business travel card rather than a visa as a means of identifying business travelers and facilitating entry.

Over 200,000 business people visited Australia in 1994 and this number is rising rapidly each year. Keating said "Australia is committed to streamlining and accelerating its visa and entry arrangement and the application of advanced technology to this task." He added that Australia is proposing the establishing of a working group with all APEC economies interested in jointly developing such a system.

"Not every APEC member might be able to join such an arrangement immediately, but all would be welcome when ready," he continued. "Greater ease of travel will help APEC meet its aims of stimulating trade and investment in the region. Beyond the greater ease of travel for our business people an a APEC business travel card would be a symbol of APEC's potential to build bridges in our region."

Philippines: Economic, Development Authority . Approves Projects

BK3005044596 Manila BUSINESS WORLD in English 17-18 May 96 p 6

[Unattributed report]

[FBIS Transcribed Text] The National Economic and Development Authority (NEDA) Board has approved a package of six development projects worth P[peso]20 billion.

An official NEDA statement said the first project, worth over P1 billion, involves the construction and upgrading of 45 feeder ports located in Regions 2 4, 5, 6, 7, 10 and 11.

This project forms part of the nationwide feeder ports development program of the Department of Transportation and Communication. The statement said the project is consistent with the government's thrust to strengthen rural linkages and ensure an efficient transport system.

Second is the Batangas Port Development, worth P7.4 billion.It aims to develop better port facilities and handling equipment to accommodate sea vessels, particularly those carrying import and export containers.

The third project, the Metro Manila road pavements rehabilitation project phase 2, involves the repair of pavement and drainage systems in the flood-prone areas of Manila and Pasay City.

The Department of Public Works and Highways (DPWH) will implement this P1-billion project, which aims to improve the reliability of the Metro Manila road network.

Fourth is the P2.9-billion second Mandaue-Mactan bridge Project to be implemented by the DPWH . This project will involve the construction of:

— a 410-meter,four-lane, extradosed cable-type bridge with a maximum vertical grade of 5.8%;

— a 360-meter approach viaduct and 2,235 meters of access road at the Mandaue side;

— a 240-meter approach viaduct and 113 meters of access road at the Mactan side; and

— acquisition of the right-of-way for the approaches and the land portion of the bridge.

The project is proposed for Japanese Government loan financing.

The fifth project is the P7.31-billion development and operation of the municipal solid waste incineration power thermal plants at Carmona and San Mateo Landfills.

The government will solicit a build-operate-transfer proposal for this project provided it will not require government any financial guarantee or investment, except for the availability of the landfill sites.

Interested private sector proponents must be able to construct waste incineration plants with power generation facilities in the landfill sites .

The government has set minimum capacities for this project: waste disposal in Carmona of 2,000 tons per day and power generation of 20 MW; waste disposal in San Mateo of 3,000 tons per day and power generation of 20 MW.

Moreover, proponents have to continue developing and operating the sanitary landfills while the incineration facility is being constructed.

Thailand

Thailand: Accord for 'Easier Passage' of Goods to U.S. Proposed

BK3005041596 Bangkok BANGKOK POST in English 30 May 96 p 21

[Unattributed report]

[FBIS Transcribed Text] Thailand wants to sign an agreement with the United States in which Washington would recognise that Thai products inspected by certified agencies meet accepted standards.

The move is an attempt to allow Thai goods easier passage through US Customs. Sumitra Worakunchaloem, deputy director-general of the Foreign Trade Department, said many exports, especially food products, are detained because they do not meet the standards of the US Food and Drug Administration and other bodies.

She said the department would try to publicise the US regulations and standard requirements so that exporters could find ways to market their products without facing barriers.

The proposed agreement would be a memorandum of understanding. In it the United States would recognise specified agencies. Goods certified by those agencies would automatically be allowed entry into the United States.

At present US Customs takes 24 samples from each shipment of food products. One substandard sample out of the 24 is enough for the shipment to be detained, requiring inspection of every item.

Any company with more than three shipment detentions in six months is required to have subsequent shipments detained automatically with 100 percent inspection.

Ms. Sumitra said Thailand has signed memoranda for mutual recognition of standard inspection with Canada and Japan, and will have one soon with Russia.

Japan has also agreed to help Thai companies improve their standards so that their products meet Japanese regulations.

Thailand: Air Force Views U.S. Countertrade To Buy F/A-18's

BK2905033096 Bangkok BANGKOK POST in English 29 May 96 p 3

[Unattributed report]

[FBIS Transcribed Excerpt] The Air Force will ask the United States to buy Thai products as part of a countertrade deal to finance the purchase of eight F/A-18 fighter jets from that country.

The products the U.S. has to purchase must be worth 25 per cent of the total value of the eight jets set at 10 billion baht, according to the resolution of a subcommittee on countertrade.

Deputy Commerce Minister Montri Danphaibun said yesterday the deal would help contain the country's rising trade and current account deficit. [passage omitted]

Thailand: Air Force Chief Urges Decision on F/A-18's

BK2505114896 Bangkok BANGKOK POST in English 25 May 96 p 2

[Unattributed report]

[FBIS Transcribed Text] The country will pay more for F/A-18 fighter jets if the Government fails to make a decision this month, the Air Force commander said yesterday.

Washington would wait until June 1 for an answer before putting up the price by 5 to 7 percent, said ACM [Air Chief Marshal] M.R. [Mom Ratchawong — royal title] Siriphong Thongyai.

The Air Force wants to buy eight F/A-18s with eight advanced medium range air-to-air missiles at 10 billion baht from the US.

A source said ACM Siriphong complained that civilians never understand how the military works, particularly in terms of arms purchases.

"Instead of helping to settle the deal, they drag it out," he quoted ACM Siriphong as saying.

The Air Force said the aircraft would be cheaper if the order coincides with a Finnish order for 75 of the fighter jets.

Thailand: Defense Minister Pledges To Help Push Arms Plans

BK2805051896 Bangkok BANGKOK POST in English 28 May 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Defense Minister Gen Chawalit Yongchaiyut pledged during a meeting with top brass yesterday to help push for the armed forces' acquisition plans, including the procurement of a submarine, to be included in the 1997 fiscal budget.

The defence minister's spokeswoman Maj Thitiya Rangsitphon said Gen Chawalit made the remark while chairing a monthly meeting of the Defence Council at the ministry attended by senior officers from the three armed forces.

However, Gen Chawalit, the New Aspiration Party leader said the armed forces should not feel discouraged if he fails to secure a budget to finance their procurement plans.

"Be it the submarine project, the military satellite or the F-18 jet fighters, I will try my best. But I am not certain whether I will succeed," Maj Thitiya, a daughter of Education Minister Sukhawit Rangsitphon, quoted Gen Chawalit as saying.

The Cabinet has not yet given approval to the Defence Ministry's 20 billion baht military satellite project.

The Air Force has sought a second batch of F-18 jet fighters after the Government earlier approved the purchase of a first batch of eight fighters at a cost of 10 billion baht.

The Government has asked the Air Force to postpone the acquisition of second batch of F-18 jets, expected to cost 8 billion baht, fearing it would bloat the country's current account deficit.

A senior military officer disclosed that during the meeting Air Force Commander M.R. [Mom Ratchawong — royal title] Siriphong Thongyai conveyed to the defence minister his concern that if the jet purchase contract was not sealed by June 1 the cost of the jets could go up by five to seven percent.

The source said ACM [Air Chief Marshal] Siriphong was concerned that the Government might not be able to conclude its counter-trade programmes — products to be used in exchange for the purchase of the twin-engined fighters — within the proposed deadline.

Thailand: Editorial Welcomes Banhan's Move on WTO Meeting

BK3005035196 Bangkok BANGKOK POST in English 30 May 96 p 4

[Editorial: "Banhan Right in Giving Priority to WTO Meet"]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha has put the first ministerial meeting of the World Trade Organisation to be held in Singapore in December at the top of his agenda during his visit to Singapore, which starts today.

This is a welcome move. Priority should be given to such an important event, but the sad truth is that neither Thailand nor ASEAN as a group has a clear idea of its objectives.

The World Trade Organisation (WTO) chose Singapore as a tribute to the role that the host country and ASEAN as a whole have played in developing a more sensible international trading system. It is doubly unfortunate that ASEAN still does not have a coherent and active strategy for this year's meeting.

The position that ASEAN does have is largely defensive, generally resisting moves to link trade with the environment, labour rights, human rights and corruption. It also dislikes the proposed WTO agreement guaranteeing rights for foreign investment.

This is a disappointing state of affairs. There is a danger that the prestige of hosting meetings is becoming confused with diplomacy itself. That is particularly the case in Thailand where next in the queue is the ministerial meeting of the UN Conference on Trade and Development (UNCTAD) in 2000. Perhaps it will even be a huge summit meeting. Thailand doesn't have a clue about what it might actually want UNCTAD to do.

When the WTO meets in ASEAN, ASEAN should be among the most active in pressing for the meeting to deal with its interests. ASEAN has a number of legitimate concerns about the world trading system. In general it wants to curb the protectionism that appears in various guises. It also wants to reduce the disadvantages smaller countries face in their dealings with the economic powers.

It should be drafting declarations, statements, agreements, "understandings" and the like in a manner that would actively promote its interests. It still has six months to develop a position, but time is passing and already a large amount of work has been covered by the committee of officials preparing the agenda for Singapore.

For example, Thailand should be pressing vocally for a commitment in Singapore to accelerate farm trade liberalisation. But some of Thailand's fellow-members in the Cairns Group of agricultural exporters complain that this country seems to be having second thoughts.

Once upon a time Thailand felt it was too small to combat the bigger countries in an agricultural trade war, so it opposed subsidies and protectionism. Now, it seems, Thailand is beginning to feel it needs to be protectionist and that it can afford to do so.

Deputy prime minister and newly-appointed foreign minister Amnuai Wirawan has been ambivalent in recent statements about agricultural protection. He should take a firm and vocal stand both against protection and subsidies in the rich countries, and against Thailand sliding down the disastrously expensive road of Japanese and South Korean policy.

Perhaps it is time to remind him that during the 1986-94 Uruguay Round of world trade talks, he was one of an elite group of "eminent persons" pushing for trade liberalization. Even some of his close advisers complain that Dr. Amnuai is not aggressive enough.

Thailand is partly being lulled into complacency by the present unusually high cereal prices. A downturn in the commodity price cycle and a return to large US rice subsidies is still a possibility.

Thailand and its ASEAN colleagues should also be working out concrete proposals to limit protectionist abuse of the WTO's anti-dumping and anti-subsidy rules.

They should be drafting exactly what they want to see in WTO provisions on the environment or on labour rights, for example when trade sanctions cannot be imposed — and in the case of environmental protection, when sanctions might be legitimate.

At the same time, ASEAN should look carefully at the experience of WTO negotiations since the end of the Uruguay Round. It should start to think about the most appropriate method of handling future bargaining.

Some analysts believe that the Uruguay Round was so large — with more than 100 countries participating and with a wide range of subjects — that it was virtually impossible to reach agreement. Future negotiations should be on a smaller scale, they suggest.

Three post-Uruguay Round negotiations in services show the danger of the narrow approach: the United States has pulled out or threatened to pull out of all three — banking and other financial services, basic telecommunications, and most recently maritime transport. That kind of threat is more difficult to make in a round that encompasses several sectors — pull out of one and you forfeit the lot.

And while ASEAN opposes most of the proposed ways of linking trade with the environment, labour rights or corruption, member countries should acknowledge that these are serious problems that they have to tackle domestically, unilaterally.

Thailand: EU Postpones GSP Review Until Jan 1997

BK2805110496 Bangkok KRUNGTHEP THURAKIT in Thai 28 May 96 pp 1, 6

[Unattributed report]

[FBIS Translated Excerpt] Deputy Prime Minister Amnuai Wirawan disclosed after the International Economic Policy Committee meeting that the EU has delayed a review of Generalized System of Preferences [GSP] for Thailand for six months, until 1 January 1997. The EU had set July as the date for review of 12 Thai agricultural products.

On the reason for the EU extension, the Thai Government had explained in a letter and in person its need for GSP for its exports to the EU, pointing out that it could not be regarded as an economically developed country. Moreover, the Thai share of exports of the products involved to the EU was below 25 percent. It also satisfactorily demonstrated to the EU its sincerity to suppress narcotics.

Amnuai said Thailand enjoyed 1.6 billion baht in GSP privileges for its exports to the EU. He said a cut in GSP depends on the sensitivity of the products and their impact in the EU. A high-impact product will receive a bigger cut in GSP. Most of Thai exports to the EU are processed food, frozen food, vegetables, and fruit. [passage omitted]

Thailand: Burma's 'Crackdown' To Affect ASEAN Membership

BK3005031896 Bangkok THE NATION in English 30 May 96 p A1

[Unattributed Report]

[FBIS Transcribed Text] ASEAN-Burmese relations have been shaken by last week's crackdown on opposition activists and this could affect Burma's membership in regional forums, a senior ASEAN diplomat said.

"It is no longer smooth sailing," the diplomat who asked not to be identified said. "Observer status in ASEAN is not an automatic thing," he added. "Burma's recent action suggests that it would not be logical to allow the country into ASEAN."

The diplomat also urged the grouping to develop a common position with regards to Burma, and added that he could not see how the country could contribute constructively to international forums, such as the ASEAN Regional Forum (ARF), ASEAN Free Trade Agreement or any others if Rangoon continued with its present course of action.

"ASEAN has yet to develop a common definition of what 'constructive engagement' is, and now it is time to come up with a common stance towards Burma," he said. "We have agreed on the words (constructive engagement) only, but not on its contents."

ASEAN foreign ministers are scheduled to meet in Jakarta in mid-July to discuss their relations with Burma, which has applied for observer status in ASEAN, as well as a seat in ARF.

He said ASEAN can help Burma achieve democracy and national reconciliation by facilitating a forum where the military junta, known as the State Law and Order Restoration Council (SLORC), can talk to its opposition, namely the National League for Democracy and its leader Aung San Suu Kyi, as well as the various armed ethnic groups in the country.

When asked if such a forum means that ASEAN is formally recognising the existence of the minority groups, he said the fact that SLORC signed a ceasefire agreement with them, or was in the process of doing so, means that Rangoon acknowledged their existence.

He said a ceasefire between SLORC and the armed ethnic groups, except for the Karen National Union, was a positive development towards stability. He, however said that Rangoon had to go beyond a simple truce and establish a full and constructive dialogue with the groups in order to achieve reconciliation.

You can't have democracy and stability without national reconciliation," he said. "There has to be some dialogue that goes beyond a simple ceasefire," he added.

Thailand: Canadian Minister Sees Energy Cooperation Prospect

BK2805065196 Bangkok BANGKOK POST in English 28 May 96 p 26

[Unattributed report]

[FBIS Transcribed Text] Canadian Natural Resources Minister Anne McLellan said she saw bright prospects for cooperation between Canada and Thailand in the areas of energy, the environment, forestry and infrastructure.

Ms McLellan, who is in Thailand after visiting South Korea, Hong Kong and China, made the comments in an address to the Thai-Canadian Chamber in Bangkok yesterday.

There is growing cooperation between the two countries in the aerospace sector. As well, many other opportunities await Canadian business because Thailand's needs parallel what Canada has to offer, she said.

The minister said the Canadian government supported Thailand's remote sensing satellite programme, adding that she would meet to discuss a technical and financial package already put together by the Canadian Space Agency and others with Deputy Prime Minister Samak Sutharawet. Canada is also interested in promoting the nuclear option for Thailand, Ms McLellan said, pointing out that seven of the world's top 25 Reactors were Candu reactors.

Energy demand in Thailand is growing by 12-13% every year and the country needs to focus on more efficient energy use and conservation. She said she hoped discussions with Thai of finials would lead to increased trade in energy-efficient products and services.

Canadian companies are keeping track of the Independent Power Producer (IPP) programme and are eager to get involved in generating and distributing hydroelectric power.

Thailand: Trade Halted by Political Tensions in Burma

BK2905043696 Bangkok THE NATION in English 29 May 96 p A2

[Report by Somchit Rungchamratratsami]

[FBIS Transcribed Text] Mae Sot — As the political climate in Burma heats up with renewed political confrontation between the Burmese military junta and opposition forces, Thai border trade merchants have been badly affected as their Burmese counterparts have put all new purchases on hold.

The cancellations are occurring because of political instability and fears that the current tensions could lead to a new round of domestic violence.

Goods already purchased by Burmese traders are being stored on the Thai side of the border and depletion of stocks of Thai products is driving up the price of basic commodities in Burma.

Major Thai traders in Mae Sot have said Burmese traders in Rangoon, Moulmein and other big Burmese cities had called up their representatives at the border and asked them to inform the Thai side of the cancellation and delay of new orders.

The traders said tensions in Rangoon had driven the price of rice from 75 kyat per two kilogrammes to 120 kyat (Bt25 equals 120 kyat at black market rates) and condensed milk rose from 70 kyat to 100 kyat.

Burmese merchants said yesterday that many shops in major cities were stockpiling consumer goods for fear of serious shortages if political violence broke out. Many shops were also closihg temporarily, they added.

Chirasak Phaibunthamrot, president of a Thai-Burmese border trade merchants' group, said Burmese traders were closely monitoring political developments before moving ahead with business.

Sources in the Burmese border town of Myawaddy, which is opposite Thailand's Mae Sot district, said the ruling Burmese junta had ordered provincial and local authorities to be on alert in case of emergency.

They were also instructed to closely monitor the movement of pro- democracy opposition forces and members and supporters of the National League for Democracy (NLD), which just ended its three-day congress in Rangoon.

The NLD party congress passed resolutions calling for the release of more than 260 of their members and MPs [Member of Parliament] who have been arrested and detained by the regime since last Monday, and urged the junta to summon a parliament session of representatives elected in 1990.

Thailand: Accord With Laos on Third Bridge Construction

BK2605115896 Bangkok BANGKOK POST in English 26 May 96 p 2

[Report by Saritdet Marukhathat from Khammouane, Laos]

[FBIS Transcribed Text] Thailand and Laos have agreed in principle to build a third bridge across the Mekong between this central Laotian province and Nakhon Phanom.

But Laos remains hesitant, resisting Thai urgings for a timetable.

"The bridge comes under the national plan of Laos, but the question of when it will be built depends on further study and financial factors," said Laotian Communications, Transport and Construction Minister Phao Bounnaphon.

Mr. Phao and Transport Minister Wanmuhammatno Matha discussed the bridge here yesterday and visited a proposed site.

The first bridge, between Nong Khai and Vientiane, was opened in April 1994 and agreement has been reached for a second bridge, between Mukdahan and Savannakhet in central Laos, which is expected to be completed within six or seven years.

Mr. Wanmuhammatno expressed confidence that the two sides would be able to make progress on the third bridge and that the site and a timeframe were on the agenda.

"After the bridge in Mukdahan, I believe the next bridge will be here," Mr. Wanmuhammatno said.

The third bridge will connect Road 8 in Laos with the port of Vinh in the north of Vietnam, and Road 12 to a port which Vietnam is thinking of developing at Vung Anh in the central part of the country.

Mr. Wanmuhammatno agreed in principle to a Laotian proposal for a team of experts from Thailand, Laos and Vietnam to study the viability of developing Road 12.

"Laos is of the view that construction of the bridge and Road 12 will bring economic and social development to the area," Mr. Phao said.

The meeting between Mr. Wanmuhammatno and Mr. Phao, their fourth this year, is in line with Thailand's attempt to open as many doors as possible to Indochina.

"We are of the view that the more bridges are built, the more the two countries will benefit," Mr. Wanmuhammatno said of previous talks with the Laotian minister.

The question of finding money to build the bridges was not as important as the eagerness of the two countries to have them built, or the benefits they stood to gain, he added.

The Memorandum of Understanding the two ministers signed in Vientiane in January did not include the possibility of a third bridge. But the two sides had agreed on the idea during informal talks, Mr. Wanmuhammatno said.

The two ministers also touched on railway projects during talks here yesterday. Mr. Phao spoke of Laotian plans to build a rail link between Vientiane, Khammouane and a port in the central part of Vietnam while Mr. Wanmuhammatno spoke of a link between Nakhon Ratchasima and Nakhon Phanom.

Thailand: Prime Minister Departs for Malaysia, Singapore

BK2905072796 Bangkok Radio Thailand Network in Thai 0530 GMT 29 May 96

[FBIS Translated Excerpt] According to a Public Relations Department correspondent's report from the Don Muang Airport, Prime Minister Banhan Sinlapa-acha, Khunying Chaemsai Sinlapa-acha, his daughter Miss Kanchana Sinlapa-acha, as well as deputy prime ministers and some cabinet ministers, left at about 1200 today for visits to Malaysia and Singapore from 29 May to 1 June.

Prior to his departure to visit the neighboring countries, the prime minister said that he would discuss ways to promote mutual understanding during his trip because Thailand has long maintained good relations with the two countries. Economic cooperation will also be discussed during the visits. [passage omitted]

Thailand: Foreign Investors 'Optimistic' About New Minister

BK2905040296 Bangkok BANGKOK POST in English 29 May 96 p 17

[Report by Darani Kothandaphani]

[FBIS Transcribed Text] Foreign investors are taking an optimistic view of the appointment of Bodi Chunnanon, former director of the Budget Bureau, as finance minister.

"The new finance minister if not that well-known by the international financial community, but his background should be an advantage to him," said Douglas Clayton, chief representative of Credit Lyonnais Securities (Asia) Ltd.

Thailand has a good record of fiscal discipline and generating fiscal surpluses. While it is not clear how much of this was directly attributable to Mr Bodi in his former role, James Marshall, head of research at Capital Nomura Securities, felt it was a definite plus.

There is the question of Mr Bodi's closeness to Prime Minister Banhan Sinlapa-acha. Before Mr Bodi retired from the Budget Bureau, it allocated large sums of money to the Prime Minister's home province of Suphan Buri for fiscal 1996. The allocations were said to have been made by mistake and Mr Banhan subsequently ordered the Bureau to correct them.

This closeness has raised doubts about whether Mr Bodi would be able to resist political pressure if it is exerted — something his predecessor Surakiat Sathianthai found difficult to combat.

"It is not surprising that the Prime Minister should choose someone with whom he has a good relationship," said Mr Clayton. "But the last incumbent had no experience of finance, while the present one has such experience.

"Foreign investors would consider this a preferable solution to the previous situation."

And while Dr Surakiat, a lawyer, was well accepted by foreign investors, there is a feeling that the presence of Mr Bodi, an MBA, will calm jitters in the market about the economy, Mr Clayton said.

Dr Surakiat did some marketing overseas, where he met with institutional investors, and reportedly presented himself well. "But his position had become overly politicised, acting as an obstacle to efficient performance," said Mr Marshall.

Mr Bodi's age — he retired last year — is also seen as a factor in his favour. "His age is more suitable to his position, as he has to deal with the heads of various commercial banks," said Mr Clayton. A younger man could face problems in this regard.

Foreign investors have been unhappy with the direction of the financial management of the country. The near-collapse of Bangkok Bank of Commerce [BBC] had raised concern about the quality of supervision by the Bank of Thailand, analysts said.

Attention is now expected to turn to the future of the Bank of Thailand Governor Wichit Suphinit, who knew in February that the BBC was in deep trouble but took only token action. The BBC episode has not yet fully played out. Questions remain as to whether public money will be used to bail out the bank, they added.

The market is not expected to go overboard one way or the other in response to the news of Mr Bodi's appointment. The SET [Stock Exchange of Thailand] closed down three points yesterday. By pleasing a number of elements in his fractious coalition, Mr Banhan is perceived by investors to have bought himself some more time.

Changes of ministers apart, the stock market itself is looking for interest rate cuts. This, together of the slowing of the economy, is expected to boost markets. The cut in the minimum lending rate by half a percentage point to 13.25 percent by the Bangkok Bank is expected to be followed by others.

"We feel that other banks will follow cutting deposit rates as well. So the downside of the market is limited. If corporate results are better, then things will move up," said Mr Marshall.

Thailand: New Finance Minister Stresses Infrastructure Spending

BK3005044296 Bangkok BANGKOK POST in English 30 May 96 p 19

[Unattributed report]

[FBIS Transcribed Text] Thailand will boost spending on major projects to catch up with more developed neighbours such as Malaysia, according to newly-appointed Finance Minister Bodi Chunnanon.

If the country did not speed up investment in major infrastructure it would find itself lagging behind many of its neighbours, he warned yesterday.

The country's fiscal position was strong enough for the government to fund big projects, and it could suspend investment if necessary because the budgeting system was flexible, he said.

His comments contrast with warnings from two prominent economists during the recent censure debate in parliament. Suphachai Phanitchaphak and Trairong Suwankhiri claimed the government had set too high an investment budget for fiscal 1997 and inflation could rise as a result.

But Mr. Bodi said the budget was "rather conservative" and he was sure it would not stoke inflation. Also, the revenue take next fiscal year would be higher than the 984-billion-baht budgeted by the government.

The budget for 1996 fiscal year would help the economy grow by 8.5-9%, Mr. Bodi said, adding this was appropriate to ensure stability.

Mr. Bodi promised to restore local and foreign investor confidence in the Bank of Thailand and the Securities and Exchange Commission [SEC].

Both agencies were tarnished by allegations surrounding the forced resignation of Ekkamon Khiriwat as SEC chief and his later dismissal as the central bank's deputy governor.

Observers believe the action against Mr. Ekkamon stemmed from political factors and personal conflict between Mr. Ekkamon and central bank governor Wichit Suphinit.

Mr. Wichit was also attacked for his handling of inflation, the current account deficit and financial problems plaguing the Bangkok Bank of Commerce.

Mr. Bodi declined to say whether he would replace Mr. Wichit as central bank governor.

"On principle, I will have to look into problems of the Bank of Thailand. If they stem from the system, I will have to improve the system, but if it concerns some persons, then I will have to take action. However, this is only the principle," he said.

He said he had not received any reports on the problems. "I have only read of them in newspapers."

Thailand: Central Bank Not To Change Foreign Funds Reserve Rule

BK3005044796 Bangkok BUSINESS DAY in English 30 May 96 p 1

[Report by "staff writer"]

[FBIS Transcribed Text] Representatives from foreign Bangkok International Banking Facility (BIBF) met with Bank of Thailand's [BOT] Thirachai Phuwanatnaranuban yesterday unsuccessfully to argue the case for holding the mandatory 7 percent cash reserve on short-term foreign funds in dollars rather than baht.

According to Mr. Thirachai, director of Financial Institutions Supervision and Development Department, the central bank refused to allow the reserve on funds booked for under a year's term to be held in any currency other than baht.

Wiwat Wetthayanukun, general manager of Internationale Nederlanden Bank BIBF office in Thailand, said that the central bank has asked for co-operation from foreign BIBF operators to concentrate on bringing in foreign funds with more than one-year term to help strengthen the economy.

Mr. Wiwat quoted Mr. Thirachai as saying that bringing in long-term foreign funds is better for the BIBF operation in the long run, especially in terms of the interest costs which will be cheaper than for short-term funds. He said his bank should be able to adapt to the BOT measures as commercial banks were given two months to prepare before the measures take effect.

He said bank clients have already been informed of the BOT measure but that would not create any problem when they have options whether to ask for loans through BIBF offices or directly from overseas offices.

A source at another foreign BIBF office said the policy to limit the amount of short-term foreign funds by imposing the 7 percent cash reserve would not be successful in discouraging the import of such funds.

The source said investors can always borrow directly from branches of foreign banks overseas without going through BIBF offices.

He explained that bringing in foreign funds of more than one year was still acceptable; but trying to get loans committed for three to four years would be tough.

Thailand: Banhan Expels Air Chief Marshal Anan

BK3005012996 Bangkok BANGKOK POST in English 29 May 96 p 1

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha has signed an order dismissing ACM [Air Chief Marshal] Anan Rotsamkhan, Assistant Chief Aide-de-Camp General to His Majesty the King, from his post at the Royal Aide-de-Camp Department under the Defence Ministry.

The order, signed by the Premier on May 27, said ACM Anan, who is posted at His Royal Highness Crown Prince Maha Wachiralongkon's palace at Pakkret, Nonthaburi, had violated his duty.

It said further action would be taken including moves to deprive ACM Anan of his military rank if his behaviour was deemed harmful to the Government, adding he was not welcome back to the kingdom.

ACM Anan's official passport has also been revoked.

Thailand: Phalang Tham Party To Remain in Coalition Government

BK2605120296 Bangkok THE NATION in English 26 May 96 p A1

[Unattributed report]

[FBIS Transcribed Text] The Phalang Tham Party [PTP] will remain in the coalition government as Prime Minister Banhan Sinlapa-acha has agreed to their conditions, an informed source said yesterday.

Banhan agreed to not re-appoint two unpopular Thoet Thai faction members to the Cabinet and to remove Surakiat Sathianthai from the post of finance minister, the source said.

The source, close to PTP leader Thaksin Chinnawat said the deal was made before Thaksin announced his resignation from the Cabinet and those of four other PTP members at a rally at the Royal Plaza on Friday.

Under the agreement, former Deputy Interior Minister Suchat Tancharoen and former Deputy Finance Minister Newin Chitchop, two key members of the Thoet Thai faction within the Chat Thai Party, will not be included in the new Cabinet lineup.

At the same time, Surakiat, a non-MP under the Chat Thai quota, will be removed or transferred to another ministry, the source said.

"Banhan has agreed to the PTP's demands and will explain why to Surakiat, Suchat and Newin," the source said.

The PTP member said that during a talk between Banhan and Thaksin, the latter submitted the prime minister a result of an opinion survey conducted by Niyom Purakham, which showed that the three were very unpopular.

Newin, Suchat and three other members of the powerful Thoet Thai faction — Phairot Suwannachawi, Bunchu Trithong and Anuson Wongwan — resigned from the Cabinet on Thursday.

Coalition leaders have expressed dissatisfaction with the Phalang Tham's move on Friday, saying it was done to seek popularity for party founder Chamlong Srimuang who is contesting the Bangkok gubernatorial election.

They also were unhappy with the PTP's abstention from giving Suchat a vote of confidence after the censure debate earlier this month, in which Suchat was heavily grilled for alleged involvement in land scandals.

After Thaksin's controversial announcement on Friday, the premier held an urgent meeting with coalition leaders.

Science Minister Yingphan Manasikan said yesterday that at the meeting Prachakon Thai leader Samak Sunthorawet, New Aspiration leader Chawalit Yongchaiyut and Social Action leader Montri Phongphanit were disappointed by Thaksin's move.

"The move is unfair to other coalition parties. When you work together, you should care about other people's feelings. But we have allowed the prime minister to make the decision on whether or not to take action against the PTP," the Prachakon Thai secretary-general said.

"The prime minister asked us to give the party another chance and promised he would not allow the PTP to do the same again. In other words, the PTP will remain in the government."

He said Banhan promised to talk to Thaksin about Friday's announcement, and that coalition partners felt uncomfortable with the PTP.

"You did not withdraw from the coalition government, so you should not have made such an announcement. It was a political farce intended to seek popularity for Chamlong. Bangkok residents were lied to again," Yingphan said.

The prime minister is expected to submit the new Cabinet lineup to His Majesty the King for approval tomorrow, the science minister said.

He said he did not know if Deputy Prime Minister and Nam Thai leader Amnuai Wirawan would replace

Surakiat as finance minister, but he admitted that Banhan had asked Amnuai to chair the House special committee scrutinising the 1997 Budget Bill.

Usually, the committee is chaired by the finance minister.

Thaksin said no one could pressure the prime minister and that the PTP wanted the new Cabinet lineup to be acceptable to the public.

He said other coalition members who were not happy with Phalang Tham's move could talk to the prime minister, and claimed his decision was that of a gentleman.

Banhan yesterday went to his home province of Suphan Buri in the morning, then visited Privy Councillor Prem Tinsulanon after his return. However, he looked happy in the evening when he went to see a movie with his son Warawut.

Thailand: Bunchu, Anuson Considered for Deputy Interior Post

BK2605121196 Bangkok THE NATION in English 26 May 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Either Bunchu Trithong or Anuson Wongwan is likely to become deputy interior minister replacing fellow Thoet Thai faction member Suchat Tancharoen, sources said yesterday.

Bunchu, Anuson, Suchat and two other Cabinet members of the powerful faction within the Chat Thai Party — Newin Chitchop and Phairot Suwanchawi — resigned from the Cabinet on Thursday.

The sources said Bunchu and Anuson would definitely be reappointed to the Cabinet, but chances were slim of the other three returning to the Cabinet.

Thoet Thai members Soemsak Karun (Rayong), Metha Ua-aphinyakun (Phrae) and Sombat Srisurin (Surin) are likely to be appointed to the Cabinet, the sources said. "The final decision rests with (Thoet Thai leader) Narong Wongwan," said a source, who added that Narong would submit names of Thoet Thai ministerial nominees to Prime Minister Banhan Sinlapa-acha today.

Meanwhile, Nam Thai Party deputy leader Prasit Narongdet said it would be impossible for party leader and Deputy Prime Minister Amnuai Wirawan to concurrently hold the post of foreign minister.

Amnuai would reportedly replace Kasemsamoson Kasemsi who is expected to resign from the Cabinet soon.

Prasit, who had claimed suitability for the foreign portfolio, said it would be too much for Amnuai to hold two ministerial posts at the same time.

Public Health Minister Sano Thianthong yesterday repeated his call for Banhan to relinquish the powerful post of interior minister which he concurrently holds.

The Chat Thai Party secretary-general would not comment whether he considered himself a suitable candidate for interior minister, but said: "My reputation has never been tainted. I have never been a chao pho (mafia member), as speculated".

He said that if the prime minister thought him unsuitable he should appoint another person to the post.

He said Banhan had told him he would listen to the people to improve the government's image.

"The time for him to hold two ministerial posts has long gone. It is against the people's will," Sano claimed.

Members of Sano's faction yesterday gathered at his house to discuss the current political situation.

Sakaeo MP Burin Hiranburana said the members agreed that the prime minister should make drastic changes to the Cabinet lineup rather than a limited reshuffle.

Thailand: Phalang Tham Party on Participation in New Cabinet

BK2805040996 Bangkok Radio Thailand Network in English 0000 GMT 28 May 96

[FBIS Transcribed Text] Phalang Tham Party has confirmed its participation in the new cabinet lineup, with all five members retaining their original posts prior to resignations last Friday. Phalang Tham Party Leader Police Lieutenant Colonel Thaksin Chinnawat said Prime Minister Banhan Sinlapa-acha had consulted him on the new cabinet lineup, which he deemed acceptable in accordance with the public demand. Thus, Phalang Tham Party has no reasons to pull out of the coalition.

He admitted that Phalang Tham Party could face difficulties in working with coalition partners in the future; however, it had to observe principles in conducting political activities and put public interest ahead of its own.

Thailand: Prachakon Thai Party Decides To Leave Coalition

BK2905031996 Bangkok BANGKOK POST in English 29 May 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Prachakon Thai decided to pull out of the Government yesterday, a move that could herald a new crisis for the Banhan III administration soon after its inception.

Secretary-General Yingphan Manatsikan said the party saw no point in staying on if it was not to be accorded dignity.

"The Prime Minister only wants to please Phalang Tham [PDP]. But we also have MPs in Bangkok. He attaches no importance to us even though we've defended him on several issues," said Mr Yingphan.

The party will stay with the coalition until June 9 when the country celebrates His Majesty the King's Golden Jubilee.

The decision will be formally announced by party leader Samak Sunthorawet at its last political rally in support of governor candidate Kritsada Arunwong na Ayutthaya at Lumphini Park on Friday.

Prachakon Thai held an urgent party meeting yesterday as the Government announced a royal command endorsing a limited Cabinet change proposed by the Prime Minister.

All party ministers, except Mr Yingphan who is Science, Technology, and Environment Minister, boycotted a weekly Cabinet meeting in an apparent protest against Mr Banhan's decision to retain Phalang Tham. Mr Samak told Mr Banhan he could not attend, pleading illness.

The party's decision to quit was conveyed to the Prime Minister by Deputy Transport and Communications Minister Chaiphak Siriwat. Mr Banhan had requested that the party remain with the coalition until after the celebrations.

Coalition sources said Mr Samak, who chaired the party meeting yesterday, telephoned Muan Chon leader Chaloem Yubamrung to try to persuade the Justice Minister to pull his own party out.

Sources said Pol Capt Chaloem replied that he would consider Mr Samak's suggestion, and promised to discuss it with him in detail later.

PDP ministers led by party leader and Deputy PM Thaksin Chinnawat resigned from the Cabinet on Friday to press the Prime Minister to improve his Cabinet following the censure debate.

This upset Prachakon Thai which, together with Social Action and Muan Chon, demanded that Mr Banhan expel the PDP from the coalition.

Deputy PM Thaksin, Industry Minister Chaiwat Sinsuwong, Deputy Interior Minister Sudarat Keyuaraphan, Deputy Transport and Communications Minister Phiraphong Thanomphongphan and Deputy Foreign Minister Charat Phuachuai were given back their posts in the Cabinet reshuffle announced yesterday.

Prachakon Thai deputy leader Decho Sawananon said he was very unhappy about this.

"Prachakon Thai only has five MPs fewer than Phalang Tham, but don't we have any bargaining power at all?" he said.

"The PDP is always talking about public opinion to justify its actions. Why has no one ever thought about the etiquette of coexisting in the coalition?"

Social Action leader Montri Phongphanit was cautious in his comments on the new Cabinet list.

"I don't know how the people feel. I have no comment. If the Prime Minister thinks it's good then I guess it must be so," he said.

Asked if Social Action would join Prachakon Thai and Muan Chon in pulling out Mr Montri said:

"We only have 22 MPs. If we have 23, then we can make some noise also."

After his meeting with Mr Banhan, Mr Chaiphak refused to confirm that he had conveyed the party's pull-out message to Mr Banhan, saying only that Mr Samak was in the position to say so.

The Deputy Transport and Communications Minister told reporters that he went to see Mr Banhan to convey Mr Samak's message, but declined to say what the message was.

Coalition sources said Mr Chaiphak bargained with Mr Banhan to give Prachakon Thai another Cabinet post in light of the Premier's decision to provide an extra Cabinet post to Nam Thai in the reshuffle.

"If Prachakon Thai receives an extra seat, then I may be able to stay on with dignity like Nam Thai," sources quoted Mr Chaiphak as telling Mr Banhan.

Prachakon Thai would have to wait until after the Golden Jubilee celebrations when a new Cabinet reshuffle is expected, he said, refusing to elaborate.

Thailand: Prachakon Party Pullout Regarded as 'Empty' Threat

BK3005033196 Bangkok BANGKOK POST in English 30 May 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Prachakon Thai's pullout threat appears to have fizzled out as quickly as it emerged.

Samak Sunthorawet said internal pressure to pull out was real but hinted his party would stay if Prime Minister Banhan Sinlapa-acha provided an explanation of the cabinet reshuffle.

Mr. Samak claimed Mr. Banhan had asked him to delay any decision so they could talk things over. The party's future, he said, would depend upon what Mr. Banhan had to say.

Prachakon Thai is incensed with the decision to retain Phalang Tham and give Nam Thai an extra cabinet seat in Tuesday's reshuffle.

Party secretary-general Yingphan Manasikan said on Tuesday his party has resolved to pull out in protest in a threat widely regarded as empty.

The departure of Prachakon Thai would have little impact on the coalition but would deny the party the chance to regain popularity in Bangkok during this government, observers said.

But Mr. Samak said he would heed his executive committee members, most of whom think a pullout risk a major setback.

The usually vocal Samak said he would listen as the executives stated their case in line with democratic principles.

"I think it's time we had some democracy in our party. We have been under a sort of dictatorship for a long time," said Mr. Samak.

He said party members had not demanded an extra cabinet seat from the Prime Minister to avoid sending the wrong signal .

Prachakon Thai would not make any demand but would listen to the Premier's explanation, particularly his decision to give Nam Thai an extra seat.

"After June 9, I will consult the executive committee again and there will be a resolution," he said. Mr. Banhan's explanation may satisfy the executives but we will not accept an extra cabinet seat if offered."

He complained that Mr. Banhan had not consulted Prachakon Thai about giving Nam Thai the extra seat.

By letting Nam Thai leader and Deputy Prime Minister Amnuai Wirawan double as foreign minister, Nam Thai has one position more than Prachakon Thai. The two parties have 18 MPs each.

The change made Prachakon Thai feel it had no dignity in the Government.

Before taking off for visits to Singapore and Malaysia, Mr. Banhan said he had cleared up the issue with Mr. Samak. He said he had appointed Mr. Amnuai on the basis of suitability in a last-minute decision that left him little time to inform Mr. Samak.

"This is a small matter," he explained. "It can be solved, No problem."

The number of Nam Thai ministers in the Cabinet remains the same even though it has an extra portfolio, he said and the arrangement would stand.

New Aspiration leader Chawalit Yongchaiyut saw no reason for Prachakon Thai to pull out. "We are all grownups. Prachakon Thai has worked for the Government all along," he said. "I don't think the problem is that bad."

Thailand: English Dailies Comment on Cabinet Reshuffle

BK2905075796

[FBIS Report] Bangkok's two English-language dailies carry reaction on 29 May to the cabinet reshuffle carried out by Prime Minister Banhan Sinlapa-acha on 28 May.

In an 800-word editorial on page A4 entitled "Banhan Just Buying Time With Reshuffle," THE NATION says that the "limited Cabinet reshuffle may help improve the image of the government for the time being. Unfortunately, it will be at the expense of the country's macroeconomic and foreign policies." The daily expresses skepticism that "newly appointed Foreign Minister Amnuai Wirawan will be able to carry out his job well" since he is already "well up to his neck as far as work is concerned in his capacity as deputy prime minister for economic affairs." It notes that Amnuai will be extremely busy as a cabinet minister wearing two hats.

Touching on the appointment of former Budget Bureau Director Bodi Chunnanon's as the new finance minister, the daily says that the new minister "has to work particularly hard to restore lost confidence in the country's financial sector, which has lately taken a severe battering as a result of the Bangkok Bank of Commerce debacle" and to "decide what to do with Wichit Suphinit, the embittered governor of the Bank of Thailand." The editorial observes: "The new finance minister should take long term interests into account and not act hastily. Without doubt, the country's economic credibility also rests with a good and functional Bank of Thailand."

The daily emphasizes that "it is absolutely imperative that the prime minister understands that he needs to give his full backing to the new finance minister whenever the latter is beset with problems." In addition, Banhan seems to be playing for time as he has yet to fill the slots left vacant by the Thoet Thai group's former Deputy Finance Minister Newin Chitchop and former Deputy

Interior Minister Suchat Tancharoen. The daily notes that Banhan has to deal "amicably" with the Thoet Thai faction's Group of 16 led by Suchat and Newin, "who are not newcomers in the game of deceit and financial blackmail."

The daily notes that there is nothing to cheer about in the Cabinet reshuffle "because the political climate in the country remains just as uncertain." It blames Banhan because he "is pretty much responsible for the country's current political predicament" since he "appointed people who were not fit to hold any kind of public office" when he assumed the premiership.

BANGKOK POST's 1,000-word commentary on page 4 by POST reporters says that "cabinet reshuffles are supposed to improve the workings of a government, but the new cabinet line-up announced yesterday appears to have had the opposite effect" because as soon as it was announced, the Prachakon Thai Party, another 18-seat coalition partner, "began fuming about" the fact the 23-seat Phalang Tham Party, its rival in Bangkok constituencies, had been retained as part of the coalition government. A prominent Prachakon Thai Party member claimed that the party "had decided it would withdraw from the Government following the celebrations marking His Majesty the King's Golden Jubilee on 9 June."

A Prachakon Thai deputy leader also said that the Muan Chon and Social Action parties, two other partners in the coalition, "were also very unhappy." The daily says: "All three parties plus the ministerial members of the Chat Thai Party's Thoet Thai faction have been demanding the sacking of Phalang Tham from the Government after it withheld support for former deputy interior minister Suchat Tancharoen during the no-confidence debate." Instead of sacking the Phalang Tham Party, Banhan reappointed the party's five ministers who had resigned last Friday from their original posts, the commentary adds. The commentary says that the party's ministers "had resigned to press for the sacking of Mr Suchat and former deputy finance minister Newin Chitchop." It also points out that "even if Prachakon Thai does not withdraw from the Government, the future of the Banhan coalition is under a cloud" since the other coalition partners will try to undermine and block the Phalang Tham Party's work in every step since they do not want it to get any credit for its accomplishments.

The daily also points out that Banhan "will have to contain conflicts on other fronts as well — with the New Aspiration Party [NAP] in particular." It notes that he had to sack Finance Minister Surakiat Sathianthai to satisfy the demands of the NAP because "the former minister blocked NAP leader Gen. Chawalit Yongchaiyut's arms purchase budget and his proposal to set up a war veterans bank." The NAP leader wanted Surakiat to be replaced by Nam Thai Party leader Amnuai Wirawan, with whom he stands a better chance of having his projects approved. "However, with Mr Thaksin and Mr Bodi at his side, the Premier can rest a bit easier that Gen. Chawalit will not get his military satellites and submarines too easily."

The commentary notes that Banhan also refused to relinquish his concurrent post as interior minister, even though Chat Thai Secretary General Sano Thianthong has been saying that he should.

Pointing out the bleak future for the Banhan-led coalition, the daily says: "So there is a problem of unity and conflict on all sides facing Mr Banhan."

It concludes by saying that the cabinet reshuffle "is designed to buy more time for the Premier. The question, however, is if there will be a next time given the strains pulling apart the coalition government."

Thailand: Vernacular Editorials Comment on Cabinet Reshuffle

BK2905123296

[FBIS Report] Three Thai-language Bangkok dailies carry editorials on 29 May commenting on the recent cabinet reshuffle.

NAEO NA carries a 450-word editorial on page 3 entitled: "The Prime Minister Still Carries a Yoke." It says Prime Minister Banhan Sinlapa-acha's decision to remove three ministers from the Thoet Thai faction of his Chat Thai party is a risky move because the faction consists of 26-27 MP's — more than such coalition partners as the Phalang Tham Party, Nam Thai Party, Prachakon Thai Party, or Muan Chon Party. If the Thoet Thai faction merges with other factions in the Chat Thai Party, it says, the new grouping could take complete control of the Chat Thai Party and change the party leader.

The editorial notes that although the prime minister was brave to oust ministers that the people disliked, "the prime minister has not yet been able to remove his yoke" because he continues to hold the post of interior minister concurrently with the post of prime minister. According to the editorial, some say this shows the prime minister's cleverness; he knows the interior portfolio will be important if the legislature is dissolved.

KRUNGTHEP THURAKIT carries a 450-word editorial on page 2 entitled: "A Compromise Cabinet — Not Bad, But Not Stable." It points out that the new cabinet is the result of political bargaining between some parties in the coalition government and Prime Minister Banhan. Of the 11 reshuffled ministers, only three are new ministers. Five are the same members of the Phalang Tham Party that resigned prior to the reshuffle.

The paper says: "We feel the new cabinet, or Banhan III, has nothing new or interesting." The people expected the prime minister to be courageous in reshuffling the cabinet, it says, but the result was still dissapointing. The editorial says the people understand that the new cabinet is a result of political bargaining to serve the interests of some coalition parties. It says the people believe the prime minister will have to reshuffle the cabinet again because all seven coalition parties have voiced dissatisfaction.

SIAM POST carries a 450-word editorial on page 5 entitled: "Military Guides Politics." It reviews the recent efforts of the armed forces to purchase new military equipment. After the censure debate, it says, the prime minister seemed to listen to the various projects proposed by the armed forces in a more flexible and compromising manner.

The editorial notes that the recent no-confidence debate rocked the stability of the seven-party coalition. Before the announcement of the royal decree announcing the reshuffle, the government had been pressured by the Phalang Tham Party and the Chat Thai Party's Thoet Thai faction.

The paper comments that the government lacks stability. It says the cabinet reshuffle will not be acceptable to the public if most of the reshuffled ministers do not fit their tasks. The inefficient administration of the country and the conflicts among the coalition parties may cause the public to lose more confidence in the government, it states.

The editorial concludes that the government is still fragile in various aspects. "It may be scared that it is being pressured by the masses, military, and mass media and may collapse. This is because its leader is very sensitive."

Vietnam

SRV: 'Feature' Discusses Sovereignty Over Offshore Areas

BK2905132296 Hanoi Voice of Vietnam Network in Vietnamese 1400 GMT 28 May 96

[From the "Topical Talk" feature]

[FBIS Translated Excerpt] [Passage omitted on history of the UN Convention on the Law of the Sea] Our country participated in the UN Conference on the Law of the Sea beginning with the third meeting in 1977. Following the popular international trend, our government issued a declaration on 12 May 1977 on the territorial waters, adjacent areas, economic zones, and continental shelf of the Socialist Republic of Vietnam. This was one of the earliest announcements in Southeast Asia and complied with the spirit of the 1982 Convention on the Law of the Sea. On 12 November 1982, our government issued another declaration determining the base line along the continental coast of Vietnam. Our declaration officially divides the waters under national jurisdiction into five areas: Internal waters, territorial waters, adjacent areas, economic zones, and the continental shelf of the country.

Regarding the economic zone, the 12 May 1977 government declaration stipulates that the SRV economic zone is adjacent to the territorial waters, and together with the Vietnamese territorial waters constitutes a sea area 200 nautical miles wide beginning from the base line used to measure the width of Vietnamese territorial waters.

The SRV continental shelf consists of the sea bed and below extending from Vietnamese territory and stretching through the territorial waters to the shoulder of the continental rim. In places where the distance between the outlying shoulder of the continental rim and the base line used to measure the width of the territorial waters is less than 200 nautical miles, the width of the continental shelf will be widened to reach the level of 200 nautical miles from the base line. The SRV has complete sovereignty over prospecting, exploitation, protection, and management of all natural resources, animals, and plants in the water and under the sea bed in Vietnam's economic zone and continental shelf.

Vietnam's specifications are in complete compliance with the standards and stipulations of the 1982 UN Convention on the Law of the Sea. They are also the basis for the negotiations on delineating the continental shelf in overlapping areas with neighboring countries, in the spirit of negotiation along the principles of mutual respect for independence and sovereignty and in compliance with international law and usual practice.

Dear Comrades and Friends, following the stipulations of the 1982 Convention on the Law of the Sea, Vietnam's economic zone and continental shelf border on countries around the East Sea [South China Sea] such as China, the Philippines, Malaysia, Indonesia, Thailand, Cambodia, and Brunei. Border delineation is a normal task between neighboring countries that we must do. Negotiations on border delineation, both on land and sea, are usually time consuming because they relate to complicated and sensitive issues that might have originated early in the history of relations between countries in the region. In particular, the Paracel and Spratly Islands are two archipelagoes with important strategic locations. Vietnam has practiced definite sovereignty over these two archipelagoes as part of the state in a continual and peaceful manner since at least the 17th century, and currently has a solid presence on islands in the Spratly Archipelago.

With the ratification of the 1982 UN Convention on the Law of the Sea, the SRV stance on the Paracel and Spratly archipelagoes is as follows:

— To affirm Vietnam's sovereignty over the Paracel and Spratly Archipelagoes;

— To solve all disputes on territorial sovereignty as well as other differences related to the East Sea through peaceful negotiations in the spirit of equality, understanding, respect for international law, and respect for the rights to sovereignty and jurisdiction over the economic zones and continental shelf areas of countries open to the sea;

— While carrying out efforts to accelerate negotiations for fundamental and long-term solutions, the parties concerned should preserve stability by maintaining the status quo, refraining from actions that might complicate the situation, and refraining from using force or threatening to use force.

Studying the principles and standards of the 1982 Convention on the Law of the Sea, we need to differentiate clearly between the efforts to find a solution to the disputes related to Spratly and Paracel Archipelagoes and the task of protecting the territorial waters and the continental shelf that are totally under Vietnam's sovereignty, right to sovereignty, and right to jurisdiction, such as the areas of Tu Chinh, Phuc Nguyen, Phuc Tan, Que Duong, and so forth.

Dear Comrades and Friends, the 1982 UN Convention on the Law of the Sea is an international legal document regarding the seas and oceans. On the basis of international law and historical reality, we have vast areas of sea and islands under our national jurisdiction with interests and obligations we are obliged to carry out. Our people's armed forces are trustworthy forces that firmly safeguard the territorial sovereignty of Vietnam's sea and islands as well as the Vietnam socialist fatherland.

SRV: Vo Van Kiet Receives Iraqi Agriculture Minister

BK2805160096 Hanoi VNA in English
1529 GMT 28 May 96

[FBIS Transcribed Text] Hanoi VNA May 28 — Prime Minister Vo Van Kiet received here this afternoon a visiting delegation of the Agriculture Ministry of Iraq led by its Minister Abd-al-Ilah Muhammad.

Minister Muhammad asked PM Vo Van Kiet to convey warm sentiment and admiration from the Iraqi leaders and people to the Vietnamese leaders and people for their support to Iraq, and for their great achievements in the current renovation process.

Speaking to his guest, PM Vo Van Kiet stressed that the fraternal and time-honoured relations between Vietnam and Iraq had been testified by time and hardship. He said that the Vietnamese people always wish to further promote those ties.

P.M. Kiet expressed his pleasure at the initial success of the Iraqi people in their struggle in lifting the UN embargo against their country. The Vietnamese Government and people hailed the agreement recently reached by Iraq and the UN which allowed Iraq to sell oil to purchase food and medicine.

Earlier Minister Muhammad and his entourage held talks with a delegation of the Ministry of Agriculture and Rural Development (Mard) led by Minister Nguyen Cong Tan. During the talks, the two sides exchanged views on how to promote agricultural cooperation between the two countries. The Mard pledged to help Iraq develop wet-rice farming, and considered Iraq's purchase of some small agricultural machinery such as husking machines, water pumps and tractors produced in Vietnam.

The Iraqi delegation visited some establishments of rice research and production, and met with a number Of vietnamese relevant agencies.

SRV: Vietnamese, Malaysian Transport Ministers Hold Talks

BK2605121096 Hanoi VNA in English
0645 GMT 26 May 96

[FBIS Transcribed Text] Hanoi VNA May 25 — Transport and Communication Minister Bui Danh Luu today held talks with his Malaysian counterpart, Ling Liong Sik, who began a three-day working visit to Vietnam from May 23.

At the talks the two sides spoke of the process to push up a project for building an inter-Asia railway line linking Singapore, Kuala Lumpur, Bangkok, Phnom Penh, Ho Chi Minh City, and Kunming.

Minister Bui Danh Luu said that Vietnam is speeding up the process for implementing the inter-Asia railway project. He introduced Vietnam's projects for the construction of three railway lines: Cai Lan (Quang

Ninh)-Yunnan (China), Dong Ha (Central Vietnam)-Savannakhet (Laos), and Ho Chi Minh City-Phnom Penh (Cambodia).

The two sides agreed to consider the transport and communication issues of common concern, and further broaden their cooperation in this field.

SRV: Deputy Premier Receives Cambodian Culture Official

BK2305154796 Hanoi VNA in English
1529 GMT 23 May 96

[FBIS Transcribed Text] Hanoi VNA May 23 — Deputy Prime Minister [PM] Nguyen Khanh received here today Cambodian Minister of Culture and Fine Arts Nut Narang now on a working visit to Vietnam.

Deputy PM Khanh welcomed Mr. Nut Narang and spoke of the importance of cultural cooperation between two neighbouring countries which, he said, would help boost their bilateral relations.

Host and guest were of the same view that Vietnam and Cambodia share many similarities in history and culture and both are now making efforts to preserve their traditional culture and national idendities. Expereinces in this field should be exchanged, they stressed.

Minister N. Narang took the occasion to thank the Vietnamese Government for their assistance and efforts to train cultural personnel for his country over the past years.

The Cambodian and Vietnamese culture ministers are expected to sign here a cooperation agreement in culture and fine arts which will promote their exchange of visits, performance tours and training.

SRV: Article Condemns Massacre of Nationals in Cambodia

BK2905151296 Hanoi NHAN DAN in Vietnamese
23 May 96 p 2

[Article by "D.T.": "Stop Immediately the Massacre of Vietnamese Nationals in Cambodia"]

[FBIS Translated Text] The massacre of Vietnamese nationals in Cambodia's Pursat Province is drawing concern and indignation from the public. According to the CAMBODIA DAILY, at approximately 0100 on 17 May a group of 20 armed men attacked Reang Til village in Kandieng District, Pursat Province, killing 14 Vietnamese and three Cambodians and wounding more than 10 others.

This bloody act of terror against Vietnamese nationals violated the International Convention on Human Rights as well as the right of foreign residents to live and work legally and normally in another country's territory. It also undermined the friendly neighborly relations between Vietnam and Cambodia. This massacre also caused concern among Vietnamese nationals now living and working honestly in Cambodia.

We strongly condemn this brutal massacre and demand an immediate end to all such barbarous acts of terror against Vietnamese nationals and Cambodian civilians. We earnestly ask the Cambodian authorities to take effective preventive measures to protect Vietnamese nationals in Cambodia from similar acts of terror. We also demand that the responsible organs of the Royal Government of Cambodia launch an investigation into this case to uncover the culprits for appropriate punishment.

SRV: Hydro-Meteorological Cooperation Accord Signed With Laos

BK2305125896 Hanoi VNA in English
1207 GMT 23 May 96

[FBIS Transcribed Text] Hanoi VNA May 23 — A memorandum of understanding (MOU) on scientific and technical cooperation in the hydro-meteorological field in 1996 and the 1996-2000 period was signed here yesterday.

Signatories were Professor Doctor Nguyen Duc Ngu of Vietnam and acting minister of agriculture and forestry of Laos, Sian Saphanthong, who is leading a ministry delegation to Vietnam from May 18-24.

The signing of this document is in furtherance of an agreement on economic, cultural, scientific and technical cooperation between the two governments in 1996 and the 1996-2000 period, which was signed in Vientiane in January 1996.

During its visit, the Lao delegation toured a number of hydro- meteorological establishments under the General Department of Hydro- Meteorology in Hanoi.

SRV: Deputy Premier Receives Lao Delegation

BK2405004796 Hanoi VNA in English
1542 GMT 23 May 96

[FBIS Transcribed Text] Hanoi VNA May 23 — Deputy Prime Minister [P.M.] Phan Van Khai received here today a delegation of the Lao Ministry of Agriculture and Forestry led by Acting Minister Sian Saphanthong who has been here for a working visit to Vietnam since May 18.

At the reception, Mr. Sian Saphanthong informed Deputy P.M. Khai of the recent cooperation between the two countries in agriculture and meteo-hydrology, the fine results of the delegation's working visit which aims a implementing the agreement on economic, cultural, scientific and technical cooperation signed between the two countries in Vientiane early this year.

Deputy P.M. Khai reaffirmed that Vietnam is ready to assist Laos in all fields, especially in agriculture production, rural construction and meteo-hydrology operations on the basis of special solidarity and friendship.

Deputy Minister of Agriculture and Rural Development Nguyen Quang Ha and Deputy Director of the General Department of Meteo-Hydrology Nguyen Cong Thanh were also present at the reception.

On May 19 Minister Sian Saphanthong and Vietnamese Minister of Agriculture and Rural Development Nguyen Cong Tan held talks and signed a memorandum of understanding between the two ministries on the implementation of the said agreement.

On May 22, the visiting Lao minister and General Director of the Vietnam General Department of Meteo-Hydrology Nguyen Dac Ngu signed an agreement on cooperation in meteo-hydrology.

Mr. Sian Saphanthong also visited a number of agricultural and meteo-hydrological establishments in Hanoi and other localities.

SRV: Lao Parliamentary Officials Conclude Visit

BK2505145096 Hanoi VNA in English
1301 GMT 25 May 96

[FBIS Transcribed Text] hanoi VNA May 25 — The delegation of the Economy, Planning and Finance Commission of the Lao Supreme People's Assembly headed by its director Mr Somphavan Inthavong left Ho Chi Minh City yesterday, ending a week-long working visit to Vietnam.

The Lao guests were received by National Assembly Chairman Nong Duc Manh, and held talks with senior officials from the National Assembly's Economy and Budget Commission, and the Ministries of Planning and Investment, Finance and Commerce.

They also had working sessions with the authorities of Thua Thien-Hue, Quang Nam-Da Nang, and Baria-Vung Tau Provinces and Ho Chi Minh City.

SRV: Military Delegation Visits Laos

BK2505090396 Hanoi VNA in English
0715 GMT 25 May 96

[FBIS Transcribed Text] Hanoi VNA May 25 — A delegation of the General Logistics Department of the Vietnam People's Army led by Lt. Gen. Nguyen Phuc Thanh has paid a working visit to Laos from May 16-23.

During the visit, the delegation was received by Sen Lt. Gen. Choummali Sai-ngason, Politburo member of the Lao People's Revolutionary Party Central Committee and defence minister.

Speaking to the Vietnamese guests, Defence Minister Choummali Sai-ngason expressed his belief that the special solidarity, friendship and comprehensive cooperation between the two general logistics departments of the armies of Laos and Vietnam would be constantly promoted and developed.

SRV: Government Decision Regulates NGO Operations

BK2705082796 Hanoi VNA in English
0738 GMT 27 May 96

[FBIS Transcribed Text] Hanoi VNA May 27—A decision on the establishment of the working committee for non-governmental organisations (NGOs) was issued on Friday by the prime minister, helping the prime minister to direct the activities of Vietnamese and foreign NGOs in Vietnam. The committee will be tasked:

— To collect reports and recommendations made by ministries, branches, localities, and people's organisations to map out proper policies relating to Vietnamese and foreign NGOs operating in Vietnam;

— To coordinate relevant offices, localities, and people's organisations to implement policies on NGOs; and

— To supplement, amend, and withdraw operating licences, licences for the setting up of project offices, and licences for the opening of representative offices granted to foreign NGOs in Vietnam in conformity with statutes on NGO operations in Vietnam, together with Decision No. 340/TTG issued by the prime minister on May 24.

The head of the government office is designated as head of the committee which includes five members.

On Friday, the prime minister also issued decision No. 340/TTG stipulating statute on the operations of foreign NGOs in Vietnam. The statute which comprises four chapters and 20 articles stipulates procedures involved the granting, extension, amendment, supplementing, and withdrawal of foreign NGO operating licences, authorisation, and responsibilities; and it also includes items guiding the implementation of the statute.

Vietnam now has more than 400 domestic and foreign NGOs operating here with 30 foreign NGOs having set up their own representative offices. These NGOs are involved in the planning and development of many projects on health care, education, and other social affairs in Vietnam.

SRV: President Urges Stronger Efforts To Protect Dikes

BK2305154996 Hanoi VNA in English 1514 GMT 23 May 96

[FBIS Transcribed Text] Hanoi VNA May 23 — State President Le Duc Anh has called for stronger efforts by the entire people to promote dyke protection and commended them for their achievements made so far in this sector.

President Anh addressed a letter to the entire people on Vietnam's Dyke Day (May 22) when President Ho Chi Minh signed a decree 50 years ago to set up the National Committee for Dyke Protection, the predecessor of the present Central Steering Committee for Storm and Flood Prevention and Natural Disaster Reduction.

In the letter, President Anh expressed gratitude to foreign governments, international organisations, non-government organisations and other friends all over the world for assisting the Vietnamese people to reduce and overcome consequences caused by natural disasters by building a strong system of dykes and other related facilities.

The history of Vietnam is made up of victories won by the people in both the struggles against foreign invaders and natural disasters. The country lies in the tropics with annual rainfall ranging from 1,800 to 2,000 mm, and is visited annually by tropical storms, including dozens from the nearly 280 that occurred in the East Sea [South China Sea] during the 1954-95 period, and many floods.

Prompted by the situation, the Vietnamese Government, right after gaining independence in 1945, paid much attention to the strengthening of dykes with first step on the issue in 1946 for the decree on dyke prevention, the first legal document in this regard.

Since then, Vietnam, whose sea coasts stretch over more than 3,000 km in addition to a wide network of rivers and canals, has built 8,000 km of dykes including 5,000 km of river dykes and 3,000 km of sea dykes as against only 3,000 km of prior to 1945.

The Vietnamese people had to move 260 million cubic metres of earth, installed over five million cubic metres of rock for dyke strengthening and laid more than 100,000 cubic metres of concrete for sluices under the dykes. Information on the status of such dykes has been always available from forecast stations set up in various localities, ensuring the timely repair of the dykes and meeting the demand of seminars on natural disaster reduction held frequently in the country.

In response to the international decade for natural disaster reduction lasting to 2000, Vietnam set up the National Committee for International Natural Disaster Reduction which has been expanded to the grassroots for more effectiveness in relevant campaigns.

The dyke campaign has been given external support and assistance for its various projects including the projection on rehabilitation and upgrading of sea dykes in northern Vietnam funded by the World Food Programme (WFP) with more than USD [U.S. dollars] 26.5 million. The project, lasting from 1996 to 1999, covers the five coastal provinces from Quang Ninh northwards and also receives USD 15 million from the Vietnamese Government.

The WFP also financed a similar USD 13.8 million-project for the seven central coastal provinces from Thanh Hoa to Quang Nam-Danang in the 1993-98 period.

Other donors for Vietnam's dyke prevention programme included non-government organisations such as Oxfam from Belgium, Oxfam from the UK, Care International and World Vision which granted Vietnam financial assistance for training courses on dyke management, preservation and building.

The programme on natural disaster reduction has met with countless difficulties, however, due to a lack of modern equipment and facilities for timely and accurate forecasts to low and weak dykes that can hardly stay firm in strong storms, especially in the storm-prone central coast region.

In this context, the Vietnam Anti-Flood and Storm Committee has called upon international organisations, foreign governments and non-government organisations to provide Vietnam with more assistance to help it minimise the consequences by natural disasters.

SRV: Slogans Published for Eighth National Party Congress

BK2305142196 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 20 May 96 p 1

["Slogans for the Upcoming Eighth National Congress of the Communist Party of Vietnam"]

[FBIS Translated Text] 1. The Eighth National Party Congress — The congress will continue the renovation undertaking for the cause of building and defending the socialist fatherland and for the people's happiness!

2. Maintaining national independence, self-reliance, and self-improvement; broadening international cooperation; and triumphantly implementing national industrialization and modernization!

3. All for a prosperous people, a powerful country, and an equitable and civilized society!

4. Let the entire party, armed forces, and people strengthen unity and unify their impetus and acts to triumphantly carry out all tasks set forth by the Eighth National Party Congress!

5. Practicing diligence and thrift to build the nation!

6. Long live the glorious Communist Party of Vietnam!

7. Long live the Socialist Republic of Vietnam!

8. Great President Ho Chi Minh lives forever with our cause!

SRV: Communist Party Officials for Provinces, Cities Listed

BK2405090296 Hanoi NHAN DAN in Vietnamese 20 May 96 pp 1, 2

[Unattributed report: "Namelist of Provincial and City Party Secretaries and Vice Secretaries for the 1996-2000 Official Term"]

[FBIS Translated Text] Hanoi: Party secretary: Le Xuan Tung. Vice secretaries: Hoang Van Nghien, Pham Loi, and Tran Van Tuan.

Ho Chi Minh City: Party secretary: Truong Tan Sang. Vice secretaries: Vo Van Cuong, Pham Chanh Truc, and Vo Viet Thanh.

Haiphong: Party secretary: Le Danh Xuong. Vice secretaries: Tran Van Thuc and Tran Huy Nang.

An Giang: Party secretary: Truong Cong Than. Vice secretaries: Nguyen Huu Khang and Le Phu Hoi.

Ba Ria-Vung Tau: Party secretary: Le Van Dy. Vice secretaries: Tran Van Khanh and Nguyen Trong Minh.

Bac Thai: Party secretary: Nguyen Ngo Hai. Vice secretaries: Dang Quoc Tien and Mai Phuc Toan.

Ben Tre: Party secretary: Nguyen Van Thoi. Vice secretaries: Tran Van Truyen and Huynh Van Cam.

Binh Dinh: Party secretary: To Tu Thanh. Vice secretaries: Nguyen Xuan Duong and Mai Ai Truc.

Binh Thuan: Party secretary: Dinh Trung. Vice secretaries: Dang Van Hai and Nguyen Quang Tuong.

Cao Bang: Party secretary: Nong Hong Thai. Vice secretaries: Vu Ngoc Ly and Duong Mac Thang.

Can Tho: Party secretary: Lu Van Dien. Vice secretaries: Vo Hoang Xinh and Vo Minh Can.

Dac Lac: Party secretary: Mai Van Nam. Vice secretaries: Nguyen An Vinh, Y Luyen Nie-Kdam (E-De ethnic), and Nguyen Ba Anh.

Dong Nai: Party secretary: Tran Thi Minh Hoang. Vice secretaries: Le Hoang Quan and Tran Buu Hien.

Dong Thap: Party secretary: Vo Hong Nhan. Vice secretaries: Le Minh Chau and Ngo Phu Tho.

Gia Lai: Party secretary: Le Tam (Nguyen Hung). Vice secretaries: Ksor Phuoc (Gia Rai ethnic) and Dao Quang Pho.

Ha Bac: Party secretary: Do Binh Duong. Vice secretaries: Ngo Dinh Loan and Nguyen Ty.

Ha Giang: Party secretary: Hoang Thua (Tay ethnic). Vice secretaries: Hoang Van Vuong (Tay ethnic), Giang Van Quay (H'mong ethnic), and Trieu Duc Thanh (Dao ethnic).

Ha Tay: Party secretary: Nguyen Van Tam. Vice secretaries: Vuong Van Bien and Khuat Huu Son.

Ha Tinh: Party secretary: Dang Duy Bau. Vice secretaries: Nguyen Van Mao and Nguyen Huy Thong.

Hai Hung: Party secretary: Pham Van Tho. Vice secretaries: Nguyen Du and Dang Du Cao.

Hoa Binh: Party secretary: Hoang Van Hon (Muong ethnic). Vice secretary: Vuong Xuan Son.

Khanh Hoa: Party secretary: Nguyen Thi Hong Van. Vice secretaries: Nguyen Thiet Hung and Nguyen Van Tu.

Kien Giang: Party secretary: Le Hong Anh. Vice secretaries: Truong Quoc Tuan and Lam Chi Viet.

Kon Tum: Party secretary: So Lay Tang (Gie Trieng ethnic). Vice secretaries: Nguyen Thanh Cao and Ka Ba To (Kor ethnic).

Lai Chau: Party secretary: Lo Van Puon (Thai ethnic). Vice secretaries: Sung A Vang (H'mong ethnic) and Trinh Long Bien.

Lao Cai: Party secretary: Trang A Pao (H'mong ethnic). Vice secretaries: Nguyen Quy Dang and Nguyen Nghia Vu.

Lang son: Party secretary: Hoang Tanh (Nung ethnic). Vice secretaries: Vi Xuan Thanh (Nung ethnic) and Duong Cong Da (Tay ethnic).

Lam Dong: Party secretary: Nguyen Anh Minh. Vice secretaries: Nguyen Hoai Bao and Huynh Minh Xuyen.

Long An: Party secretary: Pham Thanh Phong. Vice secretaries: Pham Van Tai and Le Thanh Tam.

Minh Hai: Party secretary: Dang Thanh Hoc. Vice secretaries: Pham Thanh Tri and Nguyen Van Ut.

Nam Ha: Party secretary: Tran Minh Ngoc. Vice secretaries: Tran Quang Ngoc and Le Van Yen.

Nghe An: Party secretary: Nguyen Ba. Vice secretaries: Ho Xuan Hung and Le Doan Hop.

Ninh Binh: Party secretary: To Xuan Toan. Vice secretaries: Nguyen Thanh Tuc and Ha Tri Thuc.

Ninh Thuan: Party secretary: Cha Ma Le A Dieu (Rac Lay ethnic). Vice secretary: Ho Huu Hanh.

Phu Yen: Party secretary: Luong Cong Doan. Vice secretaries: Nguyen Van Truc and Le Van Huu.

Quang Binh: Party secretary: Tran Hoa. Vice secretaries: Pham Phuoc and Le Cong Minh.

Quang Nam-Danang: Party secretary: Mai Thuc Lan. Vice secretaries: Truong Quang Duoc and Nguyen Duc Hat.

Quang Ngai: Party secretary: Vo Duc Huy. Vice secretaries: Nguyen Thanh Tan and Nguyen Duc Tam.

Quang Ninh: Party secretary: Nguyen Binh Giang. Vice secretaries: Tran Ngoc Thu and Ha Van Hien.

Quang Tri: Party secretary: Nguyen Duc Hoan. Vice secretary: Nguyen Buong.

Soc Trang: Party secretary: Tran Van Vu. Vice secretaries: Nguyen Tan Quyen and Mai Hong Thai.

Song Be: Party secretary: Nguyen Minh Triet. Vice secretary: Nguyen Minh Duc.

Son La: Party secretary: Tong Thi Phong (Thai ethnic). Vice secretaries: Nguyen Xuan Viem and Le Binh Thanh.

Tay Ninh: Party secretary: Nguyen Van Rop. Vice secretaries: Nguyen Thi Minh and Ho Thanh Tuyen.

Thai Binh: Party secretary: Vu Manh Rinh. Vice secretaries: Vu Xuan Truong and Vu Dinh Thanh.

Thanh Hoa: Party secretary: Le Van Tu. Vice secretaries: Trinh Trong Quyen and Mai Xuan Minh.

Thua Thien-Hue: Party secretary: Ngo Yen Thi. Vice secretaries: Ho Xuan Man and Nguyen Van Me.

Tien Giang: Party secretary: Vo Dong Ba. Vice secretaries: Chau The Binh and Huynh Huu Kha.

Tra Vinh: Party secretary: Bui Quang Huy. Vice secretaries: Trieu Van Be and Tran Quang Thien.

Tuyen Quang: Party secretary: Ha Thi Khiet (Thai ethnic). Vice secretaries: Tran Trung Nhat and Nguy Van Than.

Vinh Long: Party secretary: Nguyen Van Quan. Vice secretaries: Nguyen Van Cuong, Vo Cong Ly, and Phan Tan Tai.

Vinh Phu: Party secretary: Bui Huu Hai. Vice secretaries: Nguyen Van Lam and Hoang Xuan Cu.

Yen Bai: Party secretary: Vu Ngoc Ky. Vice secretaries: Nguyen Van Y and Hoang Cong Dung (Tay ethnic).

Australia

Australia: Increased U.S. Use of Defense Facilities Seen

LD3005083596 Melbourne Radio Australia in English 0700 GMT 30 May 96

[FBIS Transcribed Text] The Australian Government says it wants the United States military to make increased use of Australian defense facilities. Defense Minister Ian McLachlan says he will have talks in Washington next month about the storage of American equipment and supplies in Australia, but Mr. McLachlan told parliament that increased U.S. activity does not mean the creation of American bases.

[Begin McLachlan recording] To use facilities or ranges or training areas on a part-time basis [sentence as heard]. There have been some comments in the press about the use of bases; we have never had that proposition put to us since we have been in government by the U.S. forces. In the next month or so I will be talking to the Americans about new possibilities in this area, Mr. Speaker, and about pre-positioning of some equipment in Australia, although I might say there have been no definitive propositions put to us. [end recording]

Mr. McLachlan said the Coalition government had an outward-looking defense stance focus, because there could be no peace for Australia without security in and with the region. He said the defense focus to the north of Australia was an opportunity to talk to Washington about alliance possibilities for the future.

[Melbourne Radio Australia in English 1200 GMT 29 May 96 carries the following related report:

"The Australian Government says any increase in military cooperation with the United States will be discussed with Asian states. Foreign Minister Alexander Downer said Australia was examining practical ways to encourage and assist the American military role in the Asia-Pacific region. Speaking in Sydney at the Australian Center for American Studies, Mr. Downer said Australia will discuss any moves involving the United States with other regional partners. Mr. Downer said there was a clear link between the long-standing alliance with America and Australia's engagement with Asia.

"The foreign minister will be in Washington next week for talks with Secretary of State Warren Christopher and Defense Secretary William Perry."]

Australia: Foreign Minister Seeks To Revive ANZUS Alliance

BK3005110596 Sydney THE AUSTRALIAN in English 30 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Australia's problem-plagued alliance with America and New Zealand (ANZUS [Australia-New Zealand-U.S. Defense Pact]) will be revived under a plan unveiled on Wednesday [29 May] by the Foreign Affairs Minister, Alexander Downer.

The alliance fell through in 1983 when New Zealand refused to allow American warships into its ports because of the anti-nuclear policies of the David Lange government. The Americans refused to tell the New Zealanders whether their ships were carrying nuclear weapons.

Mr Downer said he would push to revive ANZUS when he goes to Washington next month with Defence Minister Ian McLachlan. He said it would be one of the "key policy areas" for the Coalition's first year in office.

Mr Downer said he wanted to explore "practical ways" to increase military contact between Australia, the US and New Zealand. ANZUS was an important alliance given the changing "economic order" in the region. He is also seeking to increase mutual links between the federal Parliament and Congress.

Australia: Editorial Views Canberra-Jakarta Relations

BK2705141996 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 27 May 96

[Editorial: "Indonesia: an Uneasy Future" — received via Internet]

[FBIS Transcribed Text] Australia and Indonesia are profoundly different nations bound together by imperatives of geography, economic growth and national security. Without trust and confidence in each other, without transparent honesty, two such dissimilar neighbours will not maximise their potentially complementary roles in the economic and strategic future of the Asia-Pacific region.

So there are good reasons to welcome the steady expansion of political, economic and security links between Australia and Indonesia — especially last year's historic security treaty, which represented the highest expression so far of vital interests shared and acknowledged by Jakarta and Canberra.

But all is not well with Australian-Indonesian relations. Australia seems reluctant to speak frankly to Indonesia about troubling aspects of the relationship. Australian politicians tend to soft-pedal on issues including Indonesia's future after President Suharto, the extent of political inflexibility and economic corruption, and abuses of human rights and personal freedom.

On Indonesia's part there is a seemingly inflexible tendency to dismiss, sometimes with ill-disguised hostility, even cautious Australian efforts to raise contentious issues, and to retreat to "Asian-values" arguments to justify authoritarian attitudes. One recent example was President Suharto's response to questions from Australian newspaper editors last week about East Timor and media freedom.

Clearly both nations have to communicate more frankly and, where necessary, act to enhance trust and confidence across the full spectrum of what is a deep and complex relationship. The present tendency to confine transparency to the security relationship has only limited tenability: the long-term future of joint military exercises, intelligence-sharing and the security treaty itself depend on sustained confidence in the cohesiveness and stability of each other's social and political systems.

That is the message the prime minister, Mr John Howard, should take to Jakarta in August. As a new prime minister, as a neighbour and friend, Mr Howard should speak plainly, if privately, to President Suharto about three issues affecting Indonesia's long-term cohesiveness and stability.

First, there is the uncertain political succession. If, as seems likely, President Suharto seeks a seventh five-year presidential term in elections set for 1998, he will be more than 80 when his term expires. So sooner rather than later we face an historic political succession in Indonesia. Yet there is no clear succession process and few obvious contenders to replace the man who has presided over 28 years of unprecedented stability and economic transformation in Indonesia. It is not clear whether the succession will be smooth or whether it will usher in a new era of instability in Indonesia. There is an urgent need for transparency on this issue.

Second, there is the obvious tension between Indonesia's economic transformation and its authoritarian and often corrupt military-political control structures. President Suharto, for all his achievements, has made few concessions to political freedom in Indonesia. (There are still 52,000 "information officers" watching 8,000 registered journalists in the country). Given Indonesia's tortured past, its island geography, its need for fast development and its ethnic diversity, the tradition of military control is not surprising. But as Indonesia becomes a richer, better educated and more outward-looking country, the inflexible and often brutal style of the Javanese military-political elite is more likely to feed instability than discourage it, and more likely to retard economic growth than encourage it. President Suharto now should ensure that a genuine civic and political culture is implanted in the economically dynamic nation he has created.

Finally there is Indonesia's attitude to human rights, including labour rights. Nothing tarnishes Indonesia's reputation more than the brutality of military commanders in places like East Timor and Irian Jaya. But as there is now increasingly less likelihood of local independence groups weakening Indonesia's hard-won unity, small investments in local autonomy, cultural sensitivity and troop withdrawals would pay huge dividends for Indonesia in the world.

To raise these issues would imply no desire by Mr Howard to impose liberal "Western" values on Indonesia. Rather it would reflect Australia's desire to see Indonesia continue to evolve as a politically stable, economically dynamic and secular Islamic State. At present, there are still deep and troubling uncertainties about the future of our largest and closest neighbour.

New Zealand

New Zealand: Editorial Views 'Spending Plans' in Budget

BK2605120096 Christchurch THE PRESS in English 24 May 96

[Editorial: "A Steady Budget" — received via Internet]

[FBIS Transcribed Text] As the last hurrah of the old regime before MMP [mixed member proportional electoral system] changes everything, the budget was a surprisingly subdued affair. Partly that was because all the big-ticket items, apart from education, had been released earlier. For all that, [Finance Minister] Bill Birch attempted to paint a picture of business as normal, as far as the eye can see. There is no room for shocks in Mr Birch's picture: such things belong to the other parties lining up to try to cobble together a government after the MMP election in October.

The education bonus outlined yesterday is substantial. The increase of $75 million — like all the budget's big numbers, spread over three years — for schools' day-to-day operating costs is necessary, and overdue. The $55 million for special education is similarly welcome, both for the injection of new funding and for the plan to streamline administration and relieve schools of cumbersome, regular re-applications for money for children with problems. In all, an extra $206 million will be spent on education over the next three years, alongside the already-announced plans for extra schools and classrooms to accommodate growing rolls.

The budget's other big new spending plans, on health and the environment, have already been released. At the centre of all the document's projections, of course, are the tax cuts. Apart from a footnote, the document sheds no new light on the hinted possibility of a third round of tax cuts in 1998. Given the difficulties associated with the first two rounds of cuts — adding to inflationary pressures and coming at a time when reduced economic growth expectations render them less easily affordable than when they were first mooted — the possibility of a third tranche of cuts must be pretty remote.

Some of the new spending decisions in the budget will relieve areas that have been living under tight funding restraints. The $11 million a year more for the Children and Young Persons Service is one such catch-up. A last-minute decision to allow the approval of roading projects with slightly lower benefit-to-cost ratios, at a cost of a further $138 million over three years, is also welcome. Other new decisions give some signs that the age of retrenchment has passed, at least for the time being. Not long ago the Ministry of Foreign Affairs and Trade was shutting down missions; now it is to open a High Commission in Pretoria and reopen a third post in Latin America. Overseas aid will get a small increase.

Critics have already labelled spending such as the $130 million fund to reduce hospital waiting lists as lolly-scrambles. By and large, however, the government has resisted the urge to dispense election-year largesse. Given years of bleating about fiscal responsibility it would have looked transparently hypocritical if it had got out the pork-barrel.

More than that, it does not have as much room to manoeuvre as it had been expecting. The future looks more fragile than it did last year. The projected surplus of $2.8 billion for 1996-97 is creditable but a far cry from the heroic figures being projected last year. That is because of the tax cuts and lower than expected economic growth. For the next three years, growth will be at the low end of the range that the government wants. At the projected 2.6 per cent this year and 2.8 per cent next year, growth will not be high enough to keep unemployment down. Nor will it be high enough to begin to accumulate the sort of wealth needed early next century when the spending demands generated by an elderly population will hit. It could well be that 1995 was a high-water mark for both economic growth and the government's fiscal surplus, both of which will not touch last year's levels for some time.

For the future, the government wants to stick very much to the path it has trod for the last few years. It wants to keep producing surpluses of around 3 per cent of gross domestic product — which are more realistic than the huge figures being projected last year. It wants to reduce net public debt to less than 20 per cent of GDP, which looks achievable. It wants to reduce the national tax take to 30 per cent of GDP. All this implies continued tight control of Government spending. The government appears to want to set a pattern under which public spending remains cut to the bone, apart from those areas which receive special favour in a given year.

Will the Budget's firm intentions be honoured? Mr Birch makes a strong argument that they must be. Otherwise, surpluses would vanish, debt would begin to rise again and, rather than being better off, the next generation would be poorer than this one. His not-so-hidden massage [preceding word as received] is that a coalition government elected by MMP would loosen the controls and let New Zealand drift into that uncertain future. If so, 1996 would be as good as it gets.

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